CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

TWENTY-THIRD PARLIAMENT

6 ELIZABETH II

ON THE FOURTEENTH DAY OF OCTOBER, 1957, HER MAJESTY THE QUEEN DELIVERED THE SPEECH FROM THE THRONE OPENING THE TWENTY-THIRD PARLIAMENT, WHICH WAS DISSOLVED ON THE FIRST DAY OF FEBRUARY, 1958.

VOLUME III, 1957-58

COMPRISING THE PERIOD FROM THE TENTH DAY OF DECEMBER, 1957 TO THE TENTH DAY OF JANUARY, 1958, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

HOUSE OF COMMONS

Tuesday, December 10, 1957

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

ANNOUNCEMENT OF ADJOURNMENT OVER HOLIDAY SEASON

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the right hon. Leader of the Opposition (Mr. St. Laurent) asked me what the general plans were with regard to the holiday adjournment. Naturally the desire of the government was to expedite to the limit the business of the house with a view to completion before Christmas, and that was made apparent on a number of occasions. I am not going to enter into the reasons why that now cannot reasonably be anticipated or expected.

Because of that fact, and in order to enable hon. members to make their arrangements accordingly, it is my intention to move that at the conclusion of the day on December 21, at six p.m., the house be adjourned and that it return on Friday, the 3rd day of January, at eleven a.m.

There may be some question raised as to the reason we should not have that entire week, but the position of affairs is such that it will be necessary to move for further interim supply at that time, and any further extension would place the financial situation in a position that is not to be desired. I thought the house should have the information respecting the intention of the government at the earliest possible date, so all members would be able to spend Christmas and New Year's at home.

Right Hon. L. S. St. Laurent (Leader of the Opposition): Mr. Speaker, do I understand that the Prime Minister is having the notice that appeared in *Votes and Proceedings* of last night corrected?

Mr. Diefenbaker: I should have explained that. It was originally intended to have the house recalled on January 2, but it was brought to my attention that many hon. members desire to have their New Year's day free for their celebrations. I am speaking of my hon. friends from the province of Quebec in particular, although the practice is carried into western Canada, who set New Year's day aside above many others, and for that reason the alteration is to be made.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I have the privilege of asking the Prime Minister a question arising out of his statement. What consideration has been given to members from British Columbia who, leaving on the day suggested for adjournment, can only get home by Christmas day? Could not the date be advanced in view of the position of those members? If not, will the government make provision that members who live so far away can fly home and have their expenses covered by a vote of the house?

Mr. Diefenbaker: Mr. Speaker, I realized that argument would be advanced and should be met. Provision will be made in a vote to be placed before parliament to cover all proper transportation costs.

AGRICULTURE

ANNOUNCEMENT OF APPOINTMENT OF ROYAL COMMISSION TO INVESTIGATE PRICE SPREADS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish at this time to make an announcement in regard to the royal commission on price spreads. With leave of the house I will table the order in council after reading from the appropriate sections.

The chairman will be Dr. Andrew Stewart of Edmonton, president of the University of Alberta, formerly lecturer in agricultural economics at the University of Manitoba and dean of business affairs at the University of Alberta. The other members of the commission will be Mrs. W. R. Walton Jr., of Toronto, a member of the board of directors of the Canadian Association of Consumers since its inception in 1947; Dr. W. M. Drummond of Bristol, Quebec, and Guelph, Ontario, head of the department of agricultural economics of the Ontario Agricultural College; Mr. Howard MacKichan of Halifax, Mr. Romeo Martin of Montreal, Mr. Bernard Couvrette of Montreal and Mr. Cleve Kidd of Toronto.

The commission is appointed under part I of the Inquiries Act, their powers being to inquire into the extent and the causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor; to determine whether or not such price spreads in general or in particular cases are fair and reasonable or are

excessive, in relation to the services rendered; to make such recommendations as they deem appropriate if any such price spreads are found to be excessive, and to examine the adequacy of price information currently available.

I think I should also refer to the other members of the commission whose names I have placed before the house and give something of their background and present occupations. Mr. Romeo Martin of Montreal is a graduate of the Oka Institute and is secretary general of the co-operative federation of Quebec; Mr. Howard MacKichan, general manager of the united maritimes fishermen's co-operative; Mr. Bernard Couvrette, of Montreal, who has his own wholesale grocery firm and is a past president of the Canadian Wholesale Grocers' Association; Mr. Cleve Kidd, Toronto, president of the Ontario federation of labour and formerly general economic adviser of the united steel workers.

I mention the personnel, sir, to indicate the high standard of those who have undertaken, at personal sacrifice, to discharge the important responsibilities which will fall on them.

Hon. Lionel Chevrier (Laurier): I gather that the order in council to which the Prime Minister has referred is a short one. Would he give consideration to publishing it in *Hansard?*

Mr. Diefenbaker: If that is agreeable to the house, certainly. It is not a long order in council.

Mr. Speaker: Is it the pleasure of the house that permission be given for this order in council to be printed in *Hansard?*

Some hon. Members: Agreed.

[*For text of order in council, see appendix, page 2171.*]

Mr. H. R. Argue (Assiniboia): According to the Prime Minister's statement this commission has been set up to inquire into the difference between the price levels paid to agricultural producers and those charged to consumers. Does the Prime Minister not believe it would have been more in keeping with this feature to have arranged for some representation for organized agriculture? My question is, is there a representative on this commission representing the main farm organizations of this country?

Mr. Diefenbaker: Mr. Speaker, Dr. Drummond is the head of the department of agricultural economics. Another member of the commission is the secretary general of the co-operative federation of Quebec. I am sure my hon. friend will regard both these men as properly representing agriculture on that commission. Certainly it is impossible to cover every facet.

I must say, in this regard, we have one representative of business, two professors connected with agricultural economics, two who have been concerned with agricultural co-operatives, one representative of labour and one of consumers' organizations. I think it is very comprehensive. I might add, though this is not applicable to the question asked by my hon. friend, there is also the general manager of the maritime fisheries co-operative, who is also a member of the fisheries council of Canada.

I feel sure that each one of these gentlemen will properly represent the views of all. Certainly consideration was given to covering every interest, but that is impossible. I am sure no one will say this commission is one that will not fairly deal with this serious problem.

Mr. Argue: Can the Prime Minister say whether or not the farmers' unions and wheat pools were asked to submit the name of a person who might be suitable as a member of this commission?

Mr. Diefenbaker: My information is that it was not.

THE SENATE

REFERENCE TO ADDRESS OF SPEAKER AT QUEBEC MEETING

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask a question of the Prime Minister. Is the Mark Drouin to whom he entrusted the reading of his message at the convention of the young Conservatives in Quebec city on Saturday last, as reported in the press, the same person the Prime Minister recommended to His Excellency the Governor General to be Speaker of the other house? Does the Prime Minister think this action is tantamount to restoring parliament to its former greatness?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think parliament is being restored since the change of government. I see nothing in what my hon. friend has referred to that in any way detracts from the course that is leading to the achievement once more of parliamentary supremacy.

Mr. Martin (Essex East): I should like to ask a supplementary question addressed to the right hon. gentleman who, by virtue of his office, is the leader of parliament. Does he

think it is the proper thing for the Speaker of either house to take part in a political meeting?

Mr. Diefenbaker: All I can say to that is that I do not think it was a political meeting.

Some hon. Members: Oh, oh.

HOUSE OF COMMONS

REFERENCE TO PUBLICATION "CANADA AND THE UNITED NATIONS, 1956-1957"

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister based on a printed note in the document "Canada and the United Nations, 1956-1957", copies of which have just recently been distributed. Is the Prime Minister aware of the fact that in this special foreword which is over the signature "J. G. Diefenbaker" there appears this sentence, "I am anxious that this record should be available to Canadians because my government believes firmly—", and so on. Is "my government" the correct usage? Should it not be "the government" or "the government of Canada" or "Her Majesty's Government"?

Some hon. Members: Oh, oh.

Right Hon. J. G. Diefenbaker (Prime Minister): I must say that I did not notice the exact wording, but my recollection is that it is proper in either alternative. As a matter of fact I might not personally choose one or the other, but I see nothing at all that is necessary to be referred to derogatorily or otherwise or to be answered apologetically in that connection.

REQUEST FOR CORRECTION IN "VOTES AND PROCEEDINGS"

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I would request a correction relating to a debate that took place a week ago, at the time the hon. member for Essex East (Mr. Martin) moved that the house adjourn to consider a matter of vital importance. On that occasion he forgot to make the motion, as established by the debate reported on pages 1735 to 1737 inclusive of *Hansard* for December 2. The note in *Votes and Proceedings* covering that day, December 2, reads in part as follows:

Mr. Martin (Essex East) moved—That the house do now adjourn.

I would request that this note either be deleted or possibly enlarged to indicate what actually happened, and to bring it into line with the *Hansard* report.

Mr. Speaker: Would the hon. member suggest what change he would ask the house to approve?

Mr. Thomas (Middlesex West): I would suggest that it either be deleted or revised to show what subsequently happened.

Mr. Martin (Essex East): On a point of order, Mr. Speaker, in view of what my hon. friend has pointed out, if a correction is going to be made it should be noted that as a result of the motion which he says was not technically put, the government, four days later, was forced to take some kind of action.

Mr. Speaker: I consider that last statement to be highly improper, and by leave of the house I would ask that it be expunged from *Hansard*.

Mr. Chevrier: No.

Mr. Martin (Essex East): On a point of order, it is arguable whether or not the observation was in order, but there certainly is no jurisdiction, within that authority exercised by Your Honour, to expunge a remark no matter how valid or invalid it may be. I suggest that Your Honour perhaps is correct in saying I should not have made that observation; but once having made it, it must stay as a matter of record.

Mr. Speaker: I agree that there is no authority to expunge, except on an order of the house, but my point was that I considered the hon. member's remark quite out of place at that time, because we were discussing an amendment to *Votes and Proceedings*. He was making an argument or drawing a conclusion to the disadvantage of the government, as I understand it, and it seems to me that the rules of the house should permit a response to be made where something is improperly put on *Hansard*. Otherwise one side of the argument is presented and, if it is out of order, the other side has no opportunity of correcting the statement. That was the reason I made perhaps the rather hasty suggestion that it might be expunged. But I would ask the hon. member not to indulge in such remarks. Otherwise I shall be obliged to hear correcting remarks on a question of privilege or otherwise.

Mr. Fleming: On a question of privilege, Mr. Speaker, may I say at once that the remark was utterly untrue.

Mr. Thomas (Middlesex West): On a point of order, Mr. Speaker,—

Mr. Speaker: We now have had two objectionable statements, and I am going to cancel them one against the other and ask hon. members not to pursue the matter further.

Inquiries of the Ministry

Mr. Thomas (Middlesex West): That is my suggestion.

Mr. Knowles (Winnipeg North Centre): On the point of order that was raised by the hon. member for Middlesex West (Mr. Thomas)—

An hon. Member: No.

Mr. Knowles (Winnipeg North Centre): Yes; the hon. member for Middlesex West asked that the official record of this house, namely *Votes and Proceedings*, be corrected. I submit that is asking Your Honour to change the records of the house which are published over your signature.

I would draw your attention to the fact that as reported at page 1726 of *Hansard* of December 2, 1957, Your Honour asked the house whether the hon. gentleman had leave to put the question and, more than 20 members having risen, Your Honour gave him leave to do so. I submit that this is in keeping with the practice of the house, and that that having been done it is taken as read that the hon. member, having been given leave, has moved the adjournment of the house. I submit that the record in *Votes and Proceedings* for that date as published over Your Honour's signature is correct.

Mr. Thomas (Middlesex West): If I may, Mr. Speaker,—

Mr. Speaker: I have heard both the point of order and the comment on it. As hon. members will recall, the motion was not actually put formally and the debate continued to a point where objection was taken that it had not been put. I ruled that the house had proceeded as though it had been put. In order to keep the record clear there must be some note of what we were discussing; and in order to keep the Speaker honest, we must have a record of what took place indicating that we were discussing some question before the house.

If any hon. member wishes to have it expressed otherwise than as the Clerk has put it and as I have endorsed it, I shall be glad to consider an alternative expression. Otherwise I think we might consider the matter closed.

Mr. Thomas (Middlesex West): I would request that an alternative statement be used.

Mr. M. J. Coldwell (Rosetown-Biggar): This is the usual practice of the house. The hon. gentleman is a new member. I think since I have been here I have known of someone to rise and ask permission to move the adjournment of the house and have permission granted; and I do not remember, except on very few occasions, that the member when he began his speech said, "I move the adjournment of the house". I think this is the usual practice. It may be a rather slipshod practice, but we indulge in it as we do in some other slipshod practices.

TRADE

LEAD AND ZINC—U.S. TARIFF COMMISSION HEARINGS

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): I should like to direct a question to the Minister of Trade and Commerce or, in his absence, to the parliamentary assistant. Could the minister tell the house of any developments in the United States tariff commission hearings relative to proposed increases in the tariff on lead and zinc? What official of the department or member of the government, if any, is representing the government at this hearing?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): The United States tariff commission has recently completed its public hearings on lead and zinc. It is understood that when they have completed their studies they will make a report to the President of the United States.

Representatives of the Canadian mining and smelting industries appeared before the United States tariff commission to present their case. The Canadian government did not take part in the proceedings of the United States tariff commission, but makes its representations directly to the United States government. I understand that strong representations on this subject were made to the United States government very soon after the present Canadian government assumed office and that the matter was later discussed during the visit of Canadian cabinet ministers to Washington in early October.

Mr. Byrne: I have a supplementary question. May I ask the minister whether these governmental negotiations are being carried on at the present time? Are they following the matter up to the very last in order that this drastic action may not be taken?

Mr. Macdonnell: I have given a considerable amount of detail as to what took place. If the hon. gentleman wishes to carry the matter down to the present moment I think I shall have to take his question as notice and give him further information later.

REPORTED PURCHASES BY ROUMANIAN AGRICULTURAL DELEGATON

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to direct a question to the Minister of

Trade and Commerce, but in his absence possibly his parliamentary assistant could take it as notice. The question arises out of a news report in the Montreal *Gazette* of December 9. The article indicates that a Roumanian agricultural delegation held talks with federal authorities last week and announced plans to purchase $500,000 worth of Canadian goods; also that an invitation was extended to Canada to send an agricultural mission to eastern Europe next year.

What Canadian products were purchased, and has the invitation been accepted? If so, what will the mission attempt to buy or sell?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Would the hon. gentleman repeat his question, please?

Mr. Olson: Perhaps I should send the minister notice, Mr. Speaker.

REPORTED EXPANSION OF CANADIAN SALES BY ROLLS-ROYCE COMPANY

On the orders of the day:

Mr. D. F. Brown (Essex West): I have a question for the Minister of Trade and Commerce but in his absence probably I can direct it to my good friend the acting minister, who I am sure needs no notice. It is noted in the *Globe and Mail* of December 6 that the Rolls-Royce Motor Car Company plans to triple its sales target in Canada in the coming year. Is this a result of the Canadian trade mission to the United Kingdom, at a time when there is much unemployment in the automobile industry in Canada?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): I am flattered that the hon. member thinks I could answer that question now. I believe I must take it as notice.

MISSION TO UNITED KINGDOM—INQUIRY AS TO C.N.R. REPRESENTATIVE

On the orders of the day:

Mr. W. J. Henderson (Kingston): I should like to direct a question to the Minister of Transport concerning the buying mission in Great Britain and the membership of Mr. E. A. Bromley, vice president of purchasing for Canadian National Railways. Can the minister advise the house if it is the intention of the Canadian National to buy rolling stock in Great Britain?

Hon. George H. Hees (Minister of Transport): I have no knowledge of any such intention.

Mr. Henderson: May I ask a supplementary question. Would the minister have any knowledge as to what the vice president in charge of purchasing for the Canadian National might be buying for the Canadian National in Great Britain?

Mr. Hees: The answer is no.

LIVESTOCK

REQUEST FOR LEGISLATION PROVIDING HUMANE METHODS OF SLAUGHTER

On the orders of the day:

Mr. F. C. McGee (York-Scarborough): I should like to address a question to the Minister of Justice. I have given the minister verbal notice of my intention to ask this question. Has the minister anything to announce concerning the matter of humane slaughter of animals in abattoirs?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. member for giving me notice. I should say that I also have notice of a somewhat similar question from the hon. member for Okanagan Boundary (Mr. Christian), and I thank that hon. member for giving me notice of his intention to ask this question.

As hon. members know, there has been a very considerable agitation in connection with the subject of humane slaughter, and a very understandable one. Shortly after we assumed office we understood that a committee was being formed at the request of the Ontario S.P.C.A. and the meat packers' council to see whether a workable scheme of humane slaughter in the packing houses could be devised. The government made available to that committee, on a continuing basis, the service of some of its experts in the field and, at the request and with the understanding of the committee, the government did not take any further action in this matter because we understood that the committee wished to be left free to pursue its inquiries.

Some three weeks or a month ago, as I recall it, the committee said that it felt its inquiries could not continue to serve any useful purpose and, in effect, referred the matter back to the government. About three weeks ago I met with representatives of that committee and with the Minister of Agriculture (Mr. Harkness), at which time the matter was fully discussed.

I mention that background, Mr. Speaker, because I think it should be clearly understood that any suggestion of delay or lack of action in this matter cannot in any sense be fairly laid at the door of this government. Since that meeting, and since it has become clear that the committee felt it had no final solution to offer, we have been working on

the matter consistently and vigorously, and I hope shortly to be able to recommend certain action to my colleagues.

Hon. James Sinclair (Coast-Capilano): I would like to ask a supplementary question of the Minister of Justice. Did the minister advise the British Columbia branch of the S.P.C.A. to write to their federal members rather than to their provincial members on the question of humane slaughter of livestock, on the grounds that only the federal government has jurisdiction in the matter?

Mr. Fulton: Mr. Speaker, as far as I recall I have had no conversations on the subject with any member of the British Columbia S.P.C.A. I am speaking here from recollection, but I have had conversations with the president of the British Columbia humane slaughter society and it was, as I understood it, in that capacity that I was speaking to him.

As I said a moment ago, this question of humane slaughter has been a matter of concern for some time. I have not had a chance to check my personal files, but my recollection is that a year or so ago I was discussing the matter with the president of the British Columbia humane slaughter society. He came down here and discussed with me, as a private member, what steps might be taken to deal with the matter and my recollection is that he asked whether I felt it would be appropriate for him to write to members of parliament. At that time I told him I saw no reason whatsoever why letters, on a matter of this importance, should not be addressed to federal members, private members as well as members of the government.

That was, as I say, according to my recollection about a year ago, and I do not believe I had any further conversations with him until the end of last week, when he again came to Ottawa and visited me in my capacity as Minister of Justice. At that time, as a result of other suggestions and of the public interest in the matter, it was already a fact that private members as well as members of this government were receiving a large volume of correspondence.

Mr. Sinclair: May I ask a further supplementary question. Did the minister on either of these two occasions suggest to him that it was the federal government and not the provincial government which had jurisdiction in this field.

Mr. Fulton: From my recollection of the conversation—and I do not know, Mr. Speaker, that I am bound to report conversations that I had as a private individual—I can say that I indicated that this is another of those cases in which there is a measure of divided responsibility, which makes the subject a more difficult one to deal with. But that is not to say it is incapable of solution and, as I said a moment ago, I expect to be able to make a specific recommendation to my colleagues in the very near future.

FINANCE

INQUIRY AS TO POSSIBILITY OF ISSUING BILINGUAL GOVERNMENT CHEQUES

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, may I direct a question to the Minister of Finance. My question is, could the Minister of Finance, according to existing laws, give instructions for the issuing of bilingual cheques by his department everywhere in Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I thank the hon. member for having given me notice of his question. The answer to the question would depend upon the interpretation of the statutes and, as I understand the practice of this house, questions involving the giving of a legal opinion are not asked or answered in the house.

PENSIONS

REQUEST FOR INCREASE IN PENSIONS OF SUPERANNUATED FEDERAL CIVIL SERVANTS

On the orders of the day:

Mr. F. C. Christian (Okanagan Boundary): Mr. Speaker, I wish to direct a question to the Minister of Finance. I believe he has received notice of my intention to ask it. Has any consideration been given by the government to increasing or restoring the purchasing power of the superannuation allowances granted to civil servants who have been retired on account of ill health? If so, what consideration has been given to this matter?

Hon. Donald M. Fleming (Minister of Finance): I thank the hon. member for having given me notice of this question. I draw his attention to the fact that this matter, or the broader matter of all pensions paid to superannuated civil servants, has been the subject of a number of questions which have been asked during this session and answered by the Prime Minister. There is nothing that can now be added to the information which the Prime Minister has given to the house.

Mr. Stanley Knowles (Winnipeg North Centre): Has the minister yet read the representations with regard to this matter submitted to him by the civil service association of Ottawa?

Mr. Fleming: The minister has read a vast quantity of material, and this, together with other information, is being digested and reviewed.

Mr. Daniel McIvor (Fort William): A supplementary question. Will the minister remember that we will have a resolution on this matter before the house next Monday, when the whole question may be fully discussed?

Mr. Fleming: I can tell the hon. gentlemen that I doubt whether the material which is being gathered on this subject can be complete before next Monday. Perhaps hon. members do not fully appreciate the amount of work which is being expended in the gathering of statistical material on this subject. It is not ready yet, although a great deal of work is being expended on it.

IMMIGRATION

HUNGARIAN REFUGEES—REPORTED CONDUCT WHILE AWAITING RETURN TO EUROPE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Citizenship and Immigration. I like asking him questions because he usually gives sequential answers. Has his attention been drawn to press reports of the antics of a number of so-called Hungarian freedom fighters near Montreal who are in desperate haste to return to tyranny?

Second, can the minister give the house any information on this incident and demonstration of ingratitude in response to Canadian generosity?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): I thank the hon. gentleman for his kind words, and for having given me notice of his intention to ask this question.

My attention has been drawn, by reports in the press and reports from the department, to the incidents which have been described in such picturesque language by the hon. member in his question. In answer I can only say that it seems to me that the entirely unwarranted and unreasonable conduct of these particular malcontents indicates the soundness of the decision to return this group as soon as possible to the country from which they came.

[*Later:*]

Mr. Fulton: Mr. Speaker, may I be permitted to supplement with some factual information the answer I gave to the hon. member for Kootenay West, which I overlooked when I was on my feet earlier. I should make it clear that the actions I referred to in my answer a moment ago were the actions of only a portion of the group totalling, I am told, 163 altogether, who have been gathered together in Montreal for the purpose of being returned to Hungary.

This, I am sure the house will agree, is in total a very satisfactorily small percentage of the total number of Hungarian refugees who have come to this country and to whose successful settlement in Canada as future Canadian citizens we look forward. I think in fairness to the total group it should be pointed out that it is a very small percentage who have indicated a desire to return, and an infinitesimally small percentage who behave in this manner.

WATER POLLUTION

RECOMMENDATIONS OF INTERNATIONAL JOINT COMMISSION RESPECTING BOUNDARY WATERS

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, on December 4, the hon. member for Laurier (Mr. Chevrier) addressed a question to me and he inquired if the government would direct to the international joint commission the pollution of the waters of lake St. Louis, in the same manner as the complaint concerning lake St. Francis was referred to the commission.

Before I answer, I thank the hon. member for Laurier for having provided clarification of his question, which appeared somewhat obscure to us. I understand now that the real point of his question is that because of lower water levels in lake St. Louis there has been an aggravation of the problem of sewage and waste disposal, and therefore my hon. friend has asked whether the St. Lawrence river joint board of engineers would be asked to inquire into the matter.

In answer may I say that the St. Lawrence river joint board of engineers could only take action, of course, if there were a diminution of the flow of water into lake St. Francis and lake St. Louis in consequence of construction work in the international rapids section. I have now received the monthly return made by the international St. Lawrence river board of control to the international joint commission for the month of November, 1957. It shows the mean monthly discharge at the international rapids section as 218,000

cubic feet per second, and further shows that this is identical with the flow to be expected under pre-project conditions.

Accordingly I am informed that the construction work in the international rapids section is not in any way diminishing the levels of water in lake St. Louis.

OTTAWA RIVER—INQUIRY AS TO CRIMINAL CODE AMENDMENT

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): I should like to direct a question to the Prime Minister. Now that the Prime Minister has listened to the report of the Secretary of State for External Affairs with regard to the pollution of the St. Lawrence river, and having himself seen city of Ottawa sewage pipes dumping raw sewage into the Ottawa river, is it his intention to introduce an amendment to the Criminal Code which would make it a criminal offence to pollute interprovincial waters?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there have been enough complaints already about the length of the session and the amount of legislation still to be brought before parliament. I think hon. members generally will be satisfied if at this session we cover the items of which notice has already been given. At a subsequent session the matter in question will certainly deserve consideration.

EXTERNAL AFFAIRS

INDONESIA—STATEMENT ON REQUEST FOR REPRESENTATIONS RESPECTING REPORTED THREAT TO PEACE

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I desire to respond to a question that was addressed to me and accepted by the leader of the house on December 7. The question was asked by the hon. member for Algoma East (Mr. Pearson) and reads in part as follows:

> . . . whether the government will consider making representations to the Indonesian government, perhaps through diplomatic channels, in regard to the . . . action being taken in Indonesia against Netherlands nationals and Netherlands interests.

In reply, Mr. Speaker, may I say very emphatically that the Canadian government is much disturbed over the actions which are reported as taking place in Indonesia and which might, if they are not checked, disturb the peace and stability of the area. We are deeply conscious of the human problems involved and of the possible unfortunate consequences to all parties concerned. It is our earnest hope that counsels of moderation will prevail, and that the Indonesian government will exercise restraint on those extremist elements who seem to have been responsible for the worst excesses and who seem to have got out of hand as far as the Indonesian government is concerned.

The matter is under discussion in the NATO council, and I am also expressing our concern to the Indonesian government through its ambassador here. The house may be assured that we shall do whatever we can to encourage them toward moderate courses in this unhappy instance.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Can the Secretary of State for External Affairs say whether or not he has given special consideration, in view of events in Indonesia, to the appointment of an ambassador at the earliest possible date to replace the ambassador who recently relinquished his duties at Jakarta?

Mr. Smith (Hastings-Frontenac): That matter is under consideration, and we shall have an ambassador there as soon as possible.

INQUIRY AS TO LEGISLATION EXTENDING "VICTIMS POLICY" TO REFUGEES

On the orders of the day:

Mr. Stanley Haidasz (Trinity): Mr. Speaker, I should like to ask the Prime Minister what consideration, if any, has his government given to passing legislation granting relief from confiscation of the Canadian assets of victims of nazi persecution in Roumania, Hungary, Poland and other countries during world war II by extending the so-called "victims policy" to Roumanians, Hungarians, Poles and others who have escaped from those countries and are now in the free countries of the world and in dire need of financial assistance?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I answer that question very simply and say that as yet no consideration has been given to that matter. The question raised by the hon. gentleman is one that has a natural appeal to those who believe that wherever freedom is upheld the victims of the persecution to which my hon. friend has referred should certainly receive every consideration. I very much appreciate the question and the suggestion of the hon. gentleman.

NATO—REPORTED DRAFT FINAL COMMUNIQUE PREPARED BY UNITED STATES

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Is the minister aware of the draft final communique prepared by the United States for the forthcoming NATO meeting, and does this mean that we can expect failure from this most important meeting?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I am not aware of the existence of the draft; therefore I have not seen it.

ALLEGED BREAKING OF CANADIAN DIPLOMATIC CODE BY VENEZUELA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. I wonder if the minister is yet in a position to make a report on the alleged breaking of the Canadian diplomatic code by the security police of Venezuela? In other words, has any report been received in response to the request the minister said was sent out a week ago last Friday?

Hon. Sidney E. Smith (Secretary of State for External Affairs): We have not yet received any report in the department.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO RECIPROCAL AGREEMENT FOR CANADIAN WORKERS IN MAINE AND NEW HAMPSHIRE

On the orders of the day:

Mr. J. A. Landry (Dorchester): Mr. Speaker, I should like to direct a question to the Minister of Labour. Will the minister tell the house whether conferences on Canadian-American relations took place in Ottawa at the beginning of December between members of the United States house foreign affairs committee and officials of the Canadian labour department, as was announced in a Washington paper on November 20? If so, will the minister tell the house whether or not the officials attending this meeting discussed the question of a reciprocal agreement on unemployment compensation for our Canadian workers, both in Maine and New Hampshire? Could the minister advise the house of the progress made in this matter?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. I have checked with the officials of my department, and neither they nor I are aware of any such conference as that indicated in the question of the hon. member.

As to the progress of this matter, Mr. Speaker, I have been recently in communication with the governors of both states with a view to negotiating upon this matter, and I hope they will reply favourably.

CANADIAN BROADCASTING CORPORATION

REPORTED TIGHTER SURVEILLANCE OF PRIVATELY OWNED STATIONS

On the orders of the day:

Mr. Guy Rouleau (Dollard): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Is the minister aware that according to a report which appeared in this morning's Montreal *Gazette* the Canadian Broadcasting Corporation plans tighter surveillance of the operators of privately owned radio and television stations? If so, I should like to know whether this is in accordance with the government's policies?

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, I am glad to know that the hon. member for Dollard reads the same newspaper each morning that I do, and I hope he profits from his reading. My knowledge of this matter is confined to the story I saw in the *Gazette* this morning. I have no further knowledge about it other than that which was contained in the news story.

The Canadian Broadcasting Corporation works within the framework of an act which was passed several years ago. Under that act it has power to make regulations, and it is the policy of this government to allow the Canadian Broadcasting Corporation independent action within the framework of that act and the regulations which were drawn up long ago.

LABOUR CONDITIONS

REQUEST FOR PUBLICATION OF LETTER FROM MEMBER FOR VANCOUVER-BURRARD TO PRIME MINISTER

On the orders of the day:

Hon. James Sinclair (Coast-Capilano): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister now received the five-page letter from the hon. member for Vancouver-Burrard (Mr. Taylor), proposing immediate action to remedy the serious unemployment in Vancouver? If so, in view of the fact that the hon. member made his letter public, will the Prime Minister also make his reply public so the people of Vancouver will know what action he intends to take on these sensible proposals?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, whatever action is taken or has been taken will be communicated to parliament, and in that way the information will be available to the public.

Inquiries of the Ministry

BRITISH COLUMBIA—REPORTED CLOSING DOWN OF HOWE SOUND COMPANY

On the orders of the day:

Hon. James Sinclair (Coast-Capilano): I should like to direct a question to the Minister of Justice. Can the minister report any progress on the negotiations for keeping Britannia mines in operation?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I am not yet in a position to make any statement, beyond saying it has now been arranged that a meeting will take place in my office on Thursday afternoon, at which time we hope a final decision one way or the other will be reached.

Mr. Sinclair: There will be a question Friday morning, then.

POWER

COLUMBIA RIVER—INQUIRY AS TO ISSUE OF PERMIT FOR DEVELOPMENT

On the orders of the day:

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources, of which I gave him notice yesterday. Will he advise this house whether or not a permit would be issued by his department for a company to proceed with a power development project on the Columbia river in British Columbia before the question of downstream benefits covering this international river has been settled with the United States authorities?

Mr. Speaker: I am not sure what the minister thinks about the question, but it seems to me to be hypothetical and one that should not take the time of the house.

[*Later:*]

Mr. McLeod: I have now revamped my question, Mr. Speaker. Has the government of British Columbia the right to proceed with a power development project on the Columbia river before the question of downstream benefits has been settled with United States authorities?

Mr. Speaker: I am afraid the hon. member is still asking a question which is not permitted by the practice of the house. It seems to me it is a question that asks for a legal opinion, and I do not think a minister can be expected to give a legal opinion to the house.

Mr. H. W. Herridge (Kootenay West): I should like to ask a correct supplemental question following the incorrect question put to the Minister of Northern Affairs and National Resources by the hon. member for Okanagan-Revelstoke. Is it not in Canada's interests that the question of downstream benefits on the Columbia river be decided before any major construction of dams be permitted on that river?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I would suggest that is a subject on which we all have opinions. In fact I have mine, and they will be made known in due course.

POST OFFICE DEPARTMENT

POSTAGE STAMPS—INQUIRY AS TO ELIMINATION OF PLATE BLOCKS

On the orders of the day:

Hon. George C. Marler (St. Antoine-Westmount): Mr. Speaker, I sent to the Postmaster General a dispatch which appeared in the Ottawa *Citizen* of Saturday, December 7, concerning the elimination of plate number blocks from postage stamps, or sheets of postage stamps. I should like to ask him whether the reason given in the press for the discontinuance of the rather popular practice of printing the plate number is well founded. In order to make the question clear I should like to read just a very short paragraph.

> Reason given for the Post Office Department action was that some postmasters were selling "plate blocks" at over face value to dealers and collectors.

I should like to ask the Postmaster General if that is a correct statement of the attitude adopted by his department with regard to this matter.

Hon. W. M. Hamilton (Postmaster General): I thank the hon. member for sending me a copy of this clipping. The house will remember that the particular stamp issue in question was discussed here about 10 days ago, at which time I pointed out that arrangements for this stamp issue had been made by the preceding administration. Having said that, may I say that the motivation of the previous administration in dropping the plate blocks is not completely clear to me. However, in discussing the matter with my departmental officials I find that while no direct charge of selling plate blocks at over face value to dealers and collectors was made, the department has certainly had considerable experience in post offices with difficulty arising from collectors who attempted to obtain these plate blocks over the counter.

Perhaps I should say that departmental instructions do not allow the clerk at the

wicket to extract a special plate block from other than the top sheet. However, collectors would come up to clerks and press them to do so. They would engage in discussion with them, and very often people who were there for the regular purpose of purchasing stamps were caused delay and annoyance by these tactics. Basically the departmental practice of handling issues of stamps has changed somewhat, and that has led to the elimination of the plate blocks.

Mr. Marler: I wonder whether the Postmaster General realizes not only that this practice is very popular with collectors, but is universal in countries other than Canada, and that the elimination of these plate numbers would account for a substantial drop in revenue of his philatelic agency?

Mr. Hamilton (Notre Dame de Grace): I have always had tremendous respect for the hon. member for St. Antoine-Westmount as a philatelic expert. He is renowned in that field and has written books on the subject. Therefore I am surprised to find him referring to the practice of including plate block numbers as being universal, because I think if he will search further he will find it is not universal and that certain other countries have abolished the practice of including plate block numbers. As I say, I am surprised at that lapse.

I feel regret, and I know the officials of the department do also, that we cannot continue this practice, which has provided considerable interest to a small group of collectors. I do want to tell the house that I am very grateful to other important collectors in Canada and officials of some organizations who have gone to the trouble of getting in touch with the department and commending the officials on the action that has been taken.

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Postmaster General, inasmuch as the subject of stamps has been brought up today. Can he say when the department started to use Roman numerals to indicate the month of the year in marking cancellation of stamps instead of a letter abbreviation for the month. For example, they are using "X-II" in making cancellations. I have not sent notice of the question to the Postmaster General.

Mr. Hamilton (Notre Dame de Grace): The hon. member did not give me any notice of his question, but I will be delighted to get him this vitally important and interesting information as quickly as possible.

Inquiries of the Ministry

CRIMINAL LAW

CAPITAL AND CORPORAL PUNISHMENT—REQUEST FOR CONSIDERATION OF REPORT OF JOINT COMMITTEE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to direct a question to the Minister of Justice. I regret that I have not given him notice, but I feel certain he will know the answer. In view of the fact that no consideration has yet been given by the House of Commons to the report of the joint committee of the Senate and the House of Commons on capital punishment, has the Minister of Justice, under whose jurisdiction comes the remission service which reports to the Solicitor General on capital cases, given thought to recommending the commutation of existing death penalties? Can he advise the house when an opportunity is going to be given for consideration of the report of the joint committee and the entire question of capital punishment?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, in answer to the first part of the hon. gentleman's question I should say that the report of the committee has been carefully considered in the department and from time to time comes up for further consideration, but there is no present intention of action along the lines that he has suggested.

With regard to the second part of the question, as to when an opportunity will be given for discussion of that report, I would venture to suggest that the first and most favourable opportunity is in the discussion of the estimates of the department, but just when that will be will be determined largely, I suppose, by the developments of the session and in consultation with the leader of the house.

Mr. Winch: I appreciate what the minister has said. Do we have his assurance that when his estimates come up the whole matter can be discussed without any snide remarks or interference by the Minister of Finance, who tries to stop us from doing that sort of thing?

Some hon. Members: Order.

Mr. Fulton: Mr. Speaker, I regret that in the terms in which the question was framed it would be quite improper, as well as unnecessary, for me to answer.

INCOME TAX

OMISSION OF LOGGERS AND LUMBERJACKS FROM PROPOSED CHANGES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of

Finance. Was it an oversight that loggers and lumberjacks were not mentioned in his announcement of proposed changes in the Income Tax Act affecting construction workers?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker.

SHIPPING

MIRAMICHI—INQUIRY AS TO APPOINTMENT OF PORT WARDEN

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a question to the Minister of Transport. Has the minister received a communication from the Newcastle, New Brunswick, board of trade to the effect that a survey shows that local shippers were unanimous in their opinion that the appointment of a port warden for the port of Miramichi is not necessary, as all duties have been satisfactorily performed in the past by the harbourmasters and wharfingers?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. I did not myself receive such a letter but my department received one from the secretary, Newcastle, New Brunswick, board of trade to the effect that the opinion of several local shippers had been obtained on the proposed tariff of port warden's fees. The local shippers apparently feel that shipmasters are competent to see that loading is carried out in accordance with the Canada Shipping Act, and that this makes the services of a port warden unnecessary.

The secretary stated that the board of trade as a body had arrived at no definite opinion, but submitted the above as the opinion of shippers who had been written to or interviewed.

My department has replied explaining that section 628 of the Canada Shipping Act requires that no officer of customs shall grant a clearance to any ship loaded with concentrates consigned to any place outside of Canada and not being within the limits of an inland voyage unless the master of such ship produces to him a certificate signed by the port warden.

Thus the appointment of a port warden and the establishment of a tariff of fees for his services has been made legally necessary by the shipping of concentrates from Miramichi bay.

Mr. McWilliam: May I ask a supplementary question. Has the schedule of rates been arrived at as yet?

[Mr. Fisher.]

Mr. Hees: I am not sure whether or not they have, but I shall check on that.

HEALTH INSURANCE

INQUIRY AS TO DISCONTINUANCE OF HEALTH GRANTS TO PROVINCES

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Minister of National Health and Welfare. I regret that I did not have the opportunity to send him notice. Is it the intention of his department to discontinue present health grants to the provinces when the health plan is set in operation?

Hon. J. W. Monteith (Minister of National Health and Welfare): It is certainly not the intention to discontinue health grants. There may be some overlapping, which would have to be examined and studied.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

ATTITUDE OF OFFICIAL OPPOSITION ON SUPPLY MOTIONS

Right Hon. L. S. St. Laurent (Leader of the Opposition): Mr. Speaker, I want—

Mr. Speaker: I wonder if the right hon. gentleman would permit me to clarify the situation before we proceed. As I understand it, it is with the unanimous consent of the house that we are entering on this debate at this time, and the vote will be taken at ten o'clock tonight.

Mr. Green: At 8.15.

Mr. Speaker: At 8.15. Is that agreed?

Some hon. Members: Agreed.

An hon. Member: If there is an amendment.

Mr. Speaker: On the amendment, if any, at 8.15 and on the final motion at ten o'clock.

Some hon. Members: Agreed.

Mr. Hahn: The understanding is that the final vote shall be taken at 8.15 in order to permit grievances to be stated after 8.15.

Mr. Lesage: No. The vote on the main motion is at ten o'clock.

Mr. Hahn: I understand. I am sorry.

Mr. Speaker: Perhaps the house leader would indicate what the understanding is so we may proceed knowing when we shall have a vote.

Mr. Green: It was my understanding that if an amendment is moved it would be voted on at 8.15, and that then we would go on with any individual grievances, and the motion to go into supply would be voted on at ten o'clock.

Some hon. Members: Agreed.

Mr. St. Laurent (Quebec East): I want to repeat something about the attitude of the official opposition which I said when the first motion to go into committee of supply was made on November 18. I stated then what would be the attitude of the official opposition on that and the succeeding similar motions that are provided for by the rules of the house. I said we felt that the time of the house, under the rules of the house on motions to go into committee of supply, might in this short session be more profitably used in discussing the individual items in supply than in a general discussion on the motion to go into committee and supply.

For that reason and others which I gave when I spoke on the address in reply to the speech from the throne I said the official opposition did not intend to move any amendment nor to support any amendment that may come from any other quarter of the house. That, of course, was a statement I made for all these motions that might be submitted. At that time I reserved until a later date the right to have one of these motions stand, with one or two departments still to go into committee of supply, so that if anything out of the ordinary required debate on that kind of motion there would be one that would have to be made.

We noted with satisfaction that in announcing last night the business for today and tomorrow the leader of the house mentioned as the item to follow immediately the disposition of this one would be that having to do with the resolution preceding the introduction of the bill to establish a system of guaranteed prices for certain agricultural commodities, which all parties of the house have been pressing to have brought forward at the earliest possible moment.

We feel that at this session it would be difficult, in spite of the arrangement that has been made for the Christmas recess, to dispose after satisfactory consideration of all the important matters that are of interest to the Canadian public. Because of that fact we are prepared to forgo some of the opportunities for general debate on more or less academic questions that might be available to private members, and to give such cooperation as is within our power to bring about consideration of the estimates themselves and these items of legislation which are of interest to the general public.

TRANS-CANADA PIPE LINES—MOTION FOR PUBLIC OWNERSHIP

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, there are some time-honoured customs in parliament which I think we should very carefully preserve. We have forgone a number of opportunities during this session when hon. members of this house might have raised matters which they consider to be of vital interest, either to their constituents or to the country. I offer no apologies this afternoon, therefore, for moving an amendment to the motion to go into supply. I want to say immediately that it is not an academic problem with which I am going to deal, but a problem which I believe to be of very vital concern to the entire Canadian people and one upon which this house should express its opinion.

Consequently, at the beginning of my remarks I move the following amendment, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That all of the words after the word "That" to the end of the question be struck out and that the following words be substituted therefor:
>
> "this house is of the opinion that the government should consider the advisability of taking the necessary steps to bring the trans-Canada natural gas pipe line under public ownership so as to preserve this important public utility for the benefit of the Canadian people and to make sure that the profits from this venture will accrue to the nation as a whole rather than to a few privileged individuals, and further this house is of the opinion that the government should take the responsibility for recommending policies to parliament regarding Trans-Canada Pipe Lines Limited instead of evading such responsibility by referring matters in relation thereto to a royal commission.

That is the amendment I wish to move this afternoon and it is one, of course, which implies that the people of Canada expect the government to fulfil the obligations concerning the Trans-Canada pipe line which it definitely undertook when in opposition.

The Conservatives at that time did not suggest that this matter be referred to a royal commission which, so far as I know, has not even yet begun to sit. It may take months to investigate and still more months to make a report, not only on Trans-Canada Pipe Lines, which should be separated from its report of inquiry on the development of—

Mr. Speaker: Order. I wonder if the house would try to give the hon. member who has the floor an opportunity to be heard.

Mr. Coldwell: I can imagine that my hon. friends in the Liberal party are disturbed at this matter being raised once again—

Mr. McIlraith: You need not blame it on us.

Trans-Canada Pipe Lines

Mr. Coldwell: It will be recollected, Mr. Speaker, that on February 27, 1951, which is almost seven years ago, when the incorporation of Trans-Canada Pipe Lines was originally introduced in the house by Mr. Decore, the then Liberal member for Vegreville, he told us that it was planned to use an all-Canadian route, and with the total amount of gas consumed in Canada complete control would be assured to this country. From the outset we of the C.C.F. wanted this pipe line and other gas and oil lines in Canada to be built under public ownership and control so these great resources, their transportation, and provision for their use, might be entirely under the ownership and control of the people of Canada through this parliament of Canada.

However, the house decided that the bill should go to the standing committee on railways, canals and telegraph lines, and on March 6, 1951, Mr. Frank A. Schultz, representing the company, appeared before the committee. At page 10 of the minutes and proceedings of the committee for that day we find Mr. Schultz said this:

> The second consideration was that it should be an all-Canadian project with the total Canadian gas transported over all-Canadian lines and that 100 per cent of the consumption would be in Canadian cities.

He gave other evidence to indicate that the project would run into no difficulties in attaining the necessary finances.

The only two points I make at this juncture are, first, that it was to be all-Canadian; all gas would be available to Canadian consumers, and there would be no difficulty in financing the line. We do not know where the government stands as far as permission to export gas by this company is concerned. The minister of trade and commerce of the day, Right Hon. C. D. Howe, also had no doubt with respect to the financing of the project.

On March 18, 1955, after certain extensions of time had been granted to the company—several extensions having already been granted—he wrote a letter which was tabled in this house, in which he said:

> All studies indicate that the line is capable of being financed privately and it has been decided to defer construction for one year and let matters take their course.

In March, 1956, the company was back again, and this time there was under discussion a proposal from the minister of trade and commerce, as hon. members who were here at the time will recollect, for the formation of a crown corporation to build the northern Ontario or unproductive section of an all-Canadian pipe line under terms which he indicated, which would be leased to Trans-Canada Pipe Lines Limited for its sole use.

I say this to the hon. members of the government. That proposal was very severely and very harshly criticized by the then leader of the opposition, Hon. George Drew. He stated, and I am using his own words, that parliament was being asked—

> —to set up a crown corporation which will use public funds to assist financial interests in the United States in establishing effective control over one of our major resources. I doubt if there is any precedent for such a proposal.

Now, that was the situation when the pipeline bill was approved later last year and it is the situation today, which the people of Canada believed the Conservative party, if elected to power, would rectify. Giant United States interests were and are behind this particular project. They were put on record by the then leader of the opposition, Mr. Drew, and by others on many occasions during the debates which followed. Those of us who were here will have very vivid recollections of that, and they are still the powers behind Trans-Canada Pipe Lines.

May I remind the government of the words of Sir John A. Macdonald as reported on page 494 of volume 1 of the debates of 1880 to 1881. I am making one change in reading Sir John's words; I shall change the word "railways", as I did two years ago, to the words "gas companies" in this quotation. Otherwise it will be a verbatim statement of Sir John A. Macdonald made in parliament when discussing the building of the transcontinental railway. This is what he said:

> I can trust to the intelligence of this house—

I wish, incidentally, that I could do likewise.

> I can trust to the intelligence of this house and the patriotism of this country, I can trust not only to the patriotism but to the commonsense of this country to carry out an arrangement which will give us all we want, which will satisfy all the loyal, legitimate aspirations, which will give us a great, a united, a rich, an improving, a developing Canada, instead of making us tributary to American laws, to American "gas companies", to American bondage, to American tolls, to American freights, to all the little tricks and big tricks that American "gas companies" are addicted to.

And who is there among us who has read the record right through from the days of the Teapot Dome scandals right down to the present day who is unaware of the tricks which the American gas and oil companies have been guilty of from time to time?

I think we should still remember those words, because the major interests behind Trans-Canada Pipe Lines are still powerful United States corporations which from time to time have been the subject of criticism and investigation in the United States because of anti-social practices. It was in line with their tradition that the Conservative party

participated in the debates which culminated in the passage, under closure of course, of the Trans-Canada Pipe Lines bill in June, 1956. As far as we are concerned, we have been quite consistent throughout, consistent in our demand that this line should be built by the government of Canada, not for the Trans-Canada Pipe Lines Company but for the people of Canada; not, as is now the case, for the use and benefit, ultimately of a private corporation.

A moment ago I spoke of the traditions of the Conservative party, and I said we expected them to live up to those traditions upon which, in part, their opposition to the Trans-Canada Pipe Lines bill was, as they themselves said, largely based. Sir John A. Macdonald staked his whole public career on the principle of Canadian control of the fundamentals of Canadian economic existence. He fought in season and out of season and often against what seemed to be hopeless odds to prevent United States companies gaining control of our first trans-continental railway. As early as 1871, according to Professor Creighton's very excellent biography, Macdonald wrote, and I quote him again:

> Allan has joined himself with a number of American capitalists and they are applying to the Canadian government to be allowed to build our Pacific railway.

I could just change that a bit and say that certain people of Canada have joined themselves to American capitalists to build a pipe line across Canada with the financial support of the Conservative government of Canada. I will go on with the quotation:

> The government, of course, is glad to receive all such applications, as they show an interest in the undertaking and indicate its value, but as yet we have come to no conclusion with respect to it.

Then he adds this:

> You may depend upon it—we shall see that Canadian interests are sufficiently protected and no America ring will be allowed to get control over it.

Well, now we have another Conservative government in office with power to prevent what they called a nefarious deal in the summer of 1956, with men whom the Prime Minister (Mr. Diefenbaker) himself described as "Texan adventurers and buccaneers". But instead of acting as the people of Canada expect them to act, they are shelving the matter by referring it to a royal commission. A royal commission like, sometimes, a committee, is a very convenient way of shelving an awkward problem.

Mr. Broome: May I ask the hon. member a question?

Mr. Coldwell: Yes.

Mr. Broome: What would you do? These shares have changed hands; they have been built up in value—

Mr. Coldwell: Very simple. We know exactly what it cost to build the pipe line from the Alberta border to Winnipeg; we are building a pipe line across northern Ontario now and we know exactly what it costs and we own it now. We have the legal means, with appropriate compensation, of expropriating that line that we do not now own for the public good.

Mr. Broome: The people who own these shares are not the original people.

Mr. Coldwell: I have answered the question, that is exactly what I would do, and that is what I think the government should do.

The Conservative party is abdicating both its principles and its responsibility. When buccaneers were raiding their victims in the old days, the ancient authorities did not allow them to plunder their victims in times of peace, but that is exactly what the government of Canada is doing now.

The government has already received a very comprehensive report made for the use of the Borden commission by Mr. John Davis entitled "Canadian Energy Prospects". With this, and the information available to the Department of Trade and Commerce, the government has enough information before it to enable it to act.

A United States commission set up some time ago to lay the basis for the United States federal power commission took four years to make its report. Now, a royal commission may be justifiable in some respects, but long-term energy prospects and control are surely one thing which deserves investigation; but policies with regard to pipe line companies and profiteers are quite another and, again, I may add that it is quite proper to ask the question where Mr. Borden the chairman of the commission is at the present time, and why the commission has not met.

I can also point out that there was no suggestion in the speeches made by members of the Conservative party in 1956 that a royal commission was necessary to review the Trans-Canada Pipe Lines bill. Never at any time was that suggestion made in the hectic and heated debates of May and June, 1956, nor, am I reminded, was any such suggestion made during the entire general election. Powerful United States companies still retain a considerable amount of control over the Trans-Canada pipe line. We do not know what the government's position is now regarding the export of gas as a result of tying Trans-Canada to its associates in the United States. It is likely we shall find the same

situation as exists on the Pacific coast, where Westcoast Transmission, which is United States controlled financially, has agreed to sell gas to United States distributors on a 20-year contract at 10 cents per thousand cubic feet less than the price being presently charged to distributors in the province of British Columbia.

Such deals mean that United States industry could grow fat at the expense of Canadian industry with the help of cheaper Canadian gas. The repetition of such agreements would be a sell-out of the Canadian consumer, and label the whole thing as a gigantic give-away of priceless and irreplaceable natural resources. That this may happen is greatly indicated in the *Congressional Record* of August 27, 1957.

The *Congressional Record* is, of course, the United States *Hansard*. I have the record of Tuesday, August 27 before me. Congressman Saylor was speaking. I may say that if you read the whole of this congressman's speech you will find that he has a very excellent grasp of what happened in this country in May and June of 1956. I think he summarizes it well in the speech he made, in the course of which he said this:

> Through some strange manoeuvers Midwestern Gas Transmission Company whose application to import Canadian gas in one of the cases is now before the federal power commission, has contracted to pay an average of 27.76 cents per thousand cubic feet for Canadian gas during the 25-year period of its contract.

This is the congressman speaking:

> At the same time the Winnipeg and Central Gas Company, which is actually closer to the source of production, would be required to pay 35.68 cents per thousand cubic feet for the same fuel during the period of its contract. These figures are based on the contracted minimum load factors, but even under 100 per cent load factors Midwestern will still have a decided advantage throughout the 25-year period.

Apparently, the government has not yet decided as to what its attitude will be in this regard, but they have already refused to act according to their speeches during the hectic debate of May and June, 1956. Therefore, I think I have the right to express my suspicions and my doubts as to their integrity and sincerity in respect of this policy.

However that may be, it is certain that if the government does not end the agreement which the Minister of Public Works, who I am glad to see in his seat, described as "the greatest betrayal of the Canadian people since confederation", Trans-Canada will be able, when it has collected sufficient funds from the Canadian gas consumers, to purchase the northern Ontario section of the pipe line by paying the cost price plus some interest on the public money advanced.

[Mr. Coldwell.]

There is no doubt that at some time it will exercise this option if the deal stands, and at that time the line will be far more valuable than its cost price and Trans-Canada will get another bargain at the expense of the Canadian taxpayer and the Canadian consumer. There is no doubt, too, that if this line which we are now building —and I say "we" advisedly, because it is Canada which is building the line across northern Ontario; it was Canada which put up the money as a loan to the company to build the first leg from the Alberta boundary to Winnipeg—could remain under public ownership and be operated by a crown company as a public utility the construction of the line would be cheaper because the government could raise the capital required at lower interest rates than a private corporation could do, and the public enterprise would be relieved of certain tax burdens, both federal and provincial.

Moreover, instead of the company planning to set aside out of the rates charged against consumers of natural gas an amount sufficient to purchase the line in 20 years the government could amortize the cost of the line over a much longer period, say 40 years instead of 20 years. As a result, the carrying charges would be one-half of what they would be in 20 years. This means, of course, that the Ontario and Quebec consumer would enjoy lower rates and would reap greater benefits, if not at once, in due time.

Now, it will be recalled that in the debate of June 4, 1956, Mr. Drew said that there were three alternatives, but that if the government forced through the bill to provide by way of loans, means for the financing of the first leg of the trans-Canada pipe line, and then undertook to build the line across northern Ontario, the only alternative, if that were done, would be for the government,— and I quote him:—

> —build the whole pipe line, and not just part of it, and have control over the whole line.

That was Mr. Drew's statement in this house. Now, may I quote the present Prime Minister again at page 4032 of *Hansard* of May 17, 1956? It is obvious that both the deal itself and the manner of its making appeared to be repugnant to him. He said;

> The perquisites here are that the Prime Minister (Mr. St. Laurent) should abdicate his belief in democratic principles and deny those in opposition the right to advance their arguments and to educate public opinion or to find out why there is such solicitude on the part of the members of this government. For five long years this pampered pet,—

Said the then member for Prince Albert, now the Prime Minister:

> —Trans-Canada Pipe Lines, by deviation, by change of direction, by protestation, by alteration in course,

has postponed that estimable end of securing a market for Alberta gas and the making available to other parts of Canada of that necessary form of energy. I ask the Prime Minister today to tell this house why he is so fearful of the facts; why he was afraid to allow the true facts of this nefarious scheme to be elucidated?

I ask why he found it necessary, and the members of his government found it necessary, to muzzle the representatives of the people in advance of anything in the nature of a filibuster or an interference on the part of the opposition with the policy and program of the government. I ask him to explain that today, for certainly the day of silence is past. Are they afraid of the truth over there?

This is the present Prime Minister speaking.

Mr. Stewart (Winnipeg North): Oh that mine enemy would write a book!

Mr. Coldwell: I continue:

Is that why they hide behind the caricature of parliament which they have substituted by the adoption of the parliamentary form of closure in a way that it has never been adopted before?

He called the company a pampered pet of the Liberal party. He accused it of having been devious in its dealings with parliament. He said that in order to put through this nefarious deal, as he called it, they had found it necessary to make a caricature of parliament itself. As for the Minister of Finance (Mr. Fleming), I want to remind him just before he leaves the house—

Mr. Fleming: I will be back.

Mr. Coldwell: That is fine. I want to remind him of what he said on June 5, 1956. Oh, what wonderful quotations one can dig up from the Minister of Finance if one does not mind taking too much time in reading them back to him. He said this:

Well, sir, it seems now we are narrowed down to a choice between two courses, the government's iniquitous proposal to hand over to Trans-Canada Pipe Lines Limited great sums of public money to help them out and public construction of the entire line.

Then, he called it an iniquitous proposal to hand over great sums of public money to help the company and to provide, as recommended, public construction of the line. Now, the Minister of Finance is in an entirely different position. He is no longer sitting on the opposition side. Now he is an important member of the government because, after all, the Minister of Finance is an important colleague of the Prime Minister at all times and I am quite sure that he will agree with me that he is a very important figure in the government of Canada.

Mr. Fleming: No. A very modest one.

Mr. Coldwell: The Minister of Finance is in the position where he himself is proceeding to carry out this iniquitous proposal and is, in effect, handing over great sums of public money for the construction of the entire line, not one part of it. The present Prime Minister asked the government at the time:

What have you been doing for five long years, playing around with this corporation, with these adventurers from Texas and New York, trading away Canada's resources at the expense of the Canadian people?

Mr. Stewart (Winnipeg North): And they are doing it.

Mr. Coldwell: May I ask the Prime Minister a question? What have he and his government been doing during the past six months since they took office? Have they been playing around with these adventurers from Texas and New York in continuing to finance the pipe line proposal? Let them read the words I quoted of Sir John A. Macdonald, whom they like to think of as the founder of the Conservative party in Canada.

I want to say something else to the Prime Minister. He has the reputation of being a successful court lawyer. I think he deserves that reputation. He has won a number of important cases. When he appeared in a jury trial was he not very careful regarding the personnel of the jury to which the case was to be submitted? He has now appointed what is in effect a jury to report, among other things, on the Trans-Canada pipe line deal. Let us look at some of the gentlemen whom he has appointed to that jury or, as we call it, royal commission.

Let me say immediately that I have no doubt that, like some jurymen I am sure my hon. friend has challenged from time to time, every one of these gentlemen is a man of high personal integrity. I do not propose to attack any of them personally but I think I would fail in my duty if I did not point out that some of their associations would lead me to question their ability to achieve complete neutrality in this matter. The chairman of the commission is Mr. Henry Borden, again a very estimable citizen. Who is Mr. Borden? He is chairman of Brazilian Traction, one of the most powerful privately-owned public utilities in the world. In addition to his great electrical and other interests he is engaged in the distribution of gas in Brazil. On occasion he has expressed himself freely as a believer in private enterprise generally and in the private ownership of public utilities. It would, I submit, be unreasonable to expect a gentleman who has been associated throughout a successful career with the ownership of great private utilities to be entirely impartial in his approach to the Trans-Canada pipe line and other aspects of the development of Canadian energy resources concerning which he will be called upon to express an opinion.

Then too, an issue referred to the commission is that of foreign control. I have always understood the government to be very interested in eliminating foreign control over Canadian corporations to the extent that they are able to do so. This gentleman can scarcely disapprove of foreign control in Canada when the companies which it is his duty to safeguard are foreign companies operating in Brazil where, as indicated by a bill we passed a few days ago respecting the transfer of Brazilian utilities to Brazilian statutory control and supervision, public opinion must be very strong against foreign domination.

Then we have Mr. Levesque, another member of the royal commission and probably a very estimable gentleman, but he is president of a company which distributed stock of the Quebec Natural Gas Company. I am informed that he was one of the promoters of Trans-Canada stock in the province of Quebec and was closely associated with the Trans-Canada pipe line deal. I say that when the Prime Minister was appearing in court he made it as abundantly clear as he could that he wanted a jury from which all jurymen regarding whom there might be the remotest suspicion of their being prejudiced would be eliminated. He carefully looked over his jury panel. I say that has not been done in this case.

The government should not abdicate its responsibility by referring the Trans-Canada pipe line matter to a review by any royal commission. Any royal commission established to inquire into the energy resources of Canada generally, and personally I think that is all right, should not be required to make any recommendation regarding the suitability of public or private development. That should be the function of the parliament of Canada because such a question is a political question to be decided by the representatives of the people in their city councils, their legislatures and in this parliament. The royal commission should not be asked to make what is by its very nature a political recommendation. The Prime Minister has a motion on the order paper for the abolition of closure.

Mr. Diefenbaker: Would the hon. gentleman go on and read the name of George Britnell? Does he object to him?

Mr. Coldwell: No.

Mr. Diefenbaker: He was appointed to a royal commission in Saskatchewan. Gordon Cushing?

Mr. Coldwell: No. I want to tell the Prime Minister that when he looked at a jury he did not object to all the jurymen. He only objected to the men on the panel who might be prejudiced. That is exactly what I am doing today.

Some hon. Members: Oh, oh!

Mr. Coldwell: Hon. gentlemen may laugh but you cannot laugh this off. You have loaded this jury.

Mr. Diefenbaker: That is the old game.

Mr. Coldwell: You know all about this old game anyway.

Mr. Diefenbaker: I ask my hon. friend this question. In the opinion of the hon. gentleman are the other four members of the commission unprejudiced in every way according to his fine standards?

Mr. Coldwell: I have answered that quite fully. As far as I know, the other four gentlemen are. But I say to my hon. friend that when he chose a panel of jurymen he saw to it that not one of the twelve he chose would be prejudiced against his side if he could eliminate him from that jury. I say that in this case he has appointed a jury, the chairman of which is a very estimable gentleman but who, from his very nature, experience and economic associations, must be prejudiced in favour of one side in this particular matter. I was just going to say that the Prime Minister has on the order paper a motion for the abolition of closure. I am not going to discuss that now except to say that we criticized the former government's abuse of it, for such it was, as vehemently as did the Conservative party. It was noteworthy that the Prime Minister denounced closure from Halifax to Vancouver in his election speeches. We did too, but we did more than that. We denounced what in this house the Prime Minister called buccaneers and their piratical profits made, as he said, by adventurers from New York and Texas.

To abolish closure is one thing but it will not restore any of the buccaneers'—the Prime Minister's own description—loot to the people of Canada. I do not know what the reason for this is. I am going to ask a question. Can it be that the Conservative party's wealthy backers want the Prime Minister and his government to forget their gains? Do they want him to bury the matter in a royal commission of inquiry lasting a year or two so that by the end of that time the Canadian people may perhaps forget or, what is more, forget it during the election campaign which the Prime Minister says is coming pretty soon?

Oh, it is before a royal commission. What other people say, of course, does not matter;

the royal commission will judge. It is out of the campaign, although we do not intend that it should be kept out of the campaign when that campaign comes. Could it be, as we suggested, that the Conservative party criticism of one group of promoters was merely because they favoured another group headed by a gentleman named Mr. McMahon? Mr. McMahon is undoubtedly associated with another group of powerful United States oil and gas companies. His operations in Westcoast Transmission do not differ from the operation of Messrs. Tanner and Coates in Trans-Canada Pipe Lines. Tanner and Coates got options below the cost of their sales to Canadian investors and made hundreds of thousands of dollars. So did Mr. McMahon.

Perhaps I should make a distinction. Tanner and Coates made hundreds of thousands of dollars and McMahon made millions. He did better than Messrs. Tanner and Coates. Before I say anything about that, let us take a look at the profits that have been made by Trans-Canada Pipe Lines promoters because this parliament put up the money to build the first leg of the line from Alberta to Winnipeg and pledged our money to build the northern Ontario leg. How did they fare? Well, of course, in July when stock prices were very much higher than today, the capital gains they would have made between February and September upon any of the stock that they sold on the open market would have been higher than the gains they would make if they held their options and marketed them yesterday at the comparatively low present market price on December 9. Trans-Canada stock yesterday was worth $22.50, and in July it was worth over $31.

Now, I am going to take a look at the operation. Supposing that these gentlemen kept all their options until yesterday when they might have unloaded them. Mr. Tanner, and his United States colleague Mr. Coates could, of course, have made a real killing even yesterday. Mr. Tanner was given 60,000 options at $8 and if he had sold them yesterday at $22.50 he could have made a gain of $870,000. Mr. Coates had 50,000 which he was allowed to get at $8, and his capital gain yesterday would have been $725,000. Other options, also at $8, were given to directors, 25,000 of them, and their capital gain would be $360,000. On the stock issued to the public in February of 3,760,000 shares, for which the public paid not $8 but $10, the capital gain would be $47 million, at least that is what a quick calculation seems to give.

Amongst the companies holding shares recorded as of May, 1956, the original shareholders, we find Hudson's Bay Oil and Gas Company Limited, a company with a good Canadian name but a very large amount of United States interest and control in it. They got 327,789 shares, at $8 per share and their capital gain at yesterday's prices would be $4,750,000. Then, there is Canadian Gulf Oil Company, with 327,790 shares, and their capital gain would be the same, $4,750,000. Then Tennessee Gas Transmission had the same number of shares and therefore the same capital gain, $4,750,000. The Canadian Delhi Oil Company had 497,000 shares and their capital gain would be $7,200,000. Other original shareholders held shares amounting to 447,774 and their capital gain would be $4,700,000. The gains of these companies together would be $26,150,000. Taking all these shares together, the capital gains would have amounted in total, at yesterday's prices, to $75,105,000.

Let me repeat that many of these shares changed hands at very much higher prices than yesterday's prices and therefore, in reality, the capital gains probably were much higher than those I have outlined. Now these gains, of course, are free from taxes and illustrate why we have said over and over again that our government should introduce an amendment to provide for a capital gains tax to recover something, at least, for the people of Canada. A month ago the Hamilton *Spectator* carried a very interesting article regarding one of the original shareholders in Trans-Canada. I would like to read the newspaper report which is dated October 16, 1957:

> When the royal commission on energy gets down to studying stock options, it will hear some interesting evidence on how million dollar profits are made.
>
> Just a week ago, hearings before the U.S. federal power commission in Washington established that Tennessee Gas Transmission Company, one of the principal shareholders in the Trans-Canada Pipelines, recouped most of its investment in Trans-Canada by selling off a chunk of its Trans-Canada stock.

I believe it was sold to Home Oil, but I am not sure of that.

> The evidence showed that Tennessee had made more than $2 million profit on 100,000 shares of Trans-Canada which it bought at the pre-issue price of $8 and sold last July at $31.71.
>
> This profit was almost sufficient to pay the original cost of Tennessee's entire investment in Trans-Canada, given as 327,790 shares of common stock bought for $2,625,213.
>
> The Washington hearing also referred to 38,563 shares granted under option to unnamed persons. The witness for Tennessee did not know to whom this option was granted or the price at which it could be exercised.

That is an article from the Hamilton *Spectator* dated October 16 of this year. I have looked at Mr. Coates and Mr. Tanner for a moment and some of their associates, so let us look at Mr. McMahon for a moment.

He seems to have been the chosen instrument of the Conservative party when they were participating in the pipe line debate of last year. He was put forward by the Conservatives in this house as a suitable person to whom the building of the trans-Canada pipe line project might be entrusted.

Mr. McMahon, as an insider in the Westcoast Transmission Company, was able to obtain stock in this company at a price of only 5 cents a share for stock that was offered to the public at $5 a share and which today is selling at around $27 per share. For every dollar Mr. McMahon put in he was assured of more than $500. Does the general public benefit from this? It does not benefit at all. It is an exploitation of the consumers of natural gas, and the producers of natural gas, and a practice that should no longer be tolerated. Mr. McMahon bought 155,000 shares at that price, namely 5 cents, and they cost him about $7,700. He acquired for that $7,700 an equity of over $4 million, a fantastic and amazing figure. These facts do not come out of my own imagination. They are from the prospectus of the company itself filed here in Ottawa with the Department of the Secretary of State.

But that is not all. The same gentleman was granted an option to buy 200,000 additional shares at a special price—a higher price it is true, but still a special price—so that today while the small investor would have to pay $27.50 for West Coast Transmission Company shares, Mr. McMahon, if he has held those 200,000 shares, would need to pay only $6 for them. In other words, if he exercised his option, he could make another $4 million at the public's expense, making a total to this one man of $8 million in capital gains that have come from no other source than eventually from the consumers of natural gas, and that means the people in every part of Canada where this gas will be distributed, particularly in the province of British Columbia, among whom will be workers, old age pensioners, unemployed and so on having to pay higher rates so that this gentleman may make $500 for every $1 he initially put into Westcoast Transmission Company.

I have singled out this one man purely as an example, purely as an instance of what is going on. Let me say he is doing nothing illegal. He is doing something widely approved by large corporations, particularly in the pipe line field. But I want to say that it is wrong and I think that most people would agree it is wrong and that it is time to bring this kind of thing, legal or otherwise, to an end. For example, a corporation shareholder in the same company, namely the Westcoast Transmission Company, a huge United States pipe line company, was able to realize a tax-free capital gain of over $25 million. Hence this is not an academic matter, Mr. Speaker. This is not a small matter. This is not a hypothetical case.

It is a real problem which this government in 1956 gave the people of Canada the opinion that it would face courageously if it were elected. Today they are in power; they have been in power for six months, and they have done nothing except to set up a royal commission which has not yet met and which, as I said this afternoon, I think is open to criticism because of some of the personnel.

I say that it is not a small matter. It is a question that is at the core of Canadian government policy with regard to the development of our natural resources and our utilities. There can be no adequate national development policy as long as our government permits these—and again I use the Prime Minister's own words—nefarious practices to continue.

We are urging the necessity for the public development of the great trans-Canada pipe line project. We are urging the necessity for a capital gains tax on huge speculative profits. We are urging the need for protection of the people generally from those whom the Prime Minister described as buccaneers while he was in opposition; those who, as he said, reaped piratical profits without any danger to themselves. These are words we who have been in the house for several years heard echoed and re-echoed up and down this chamber less than two years ago.

We believe, of course, that there should be a policy of national development for Canada. We believe that policy should be a planned development, a development planned by and through the elected representatives of the people, controlled by this parliament and developed in the interests of the people of Canada as we may well develop those resources under such a plan.

We say that the government has all the power necessary to restore to the Canadian people the ownership of the entire line from Alberta to northern Ontario which the people of Canada have almost entirely financed. As a matter of fact, as to the line across northern Ontario that is being built, the government provided the funds for the crown company that has built it not for the people of Canada but for the Trans-Canada Pipe Line Company. As was said by Hon. George Drew, echoed by the Minister of Finance, the Canadian people should own the entire line. That is what we are putting before the house today.

Oh, yes; we have done it previously. We did it seven years ago when the proposal

first came before this parliament. We did it again and again when the pipe line bills came before this house. We are doing it again today. In 1956 when I made a speech like the one I made this afternoon there was thunderous applause not only from my own friends around me but from the hon. gentlemen who today sit opposite me. Today their silence speaks louder than their words.

I want to say that if the government fails to carry out in a practical way the sentiments which the Conservative party when in opposition expressed, that will be, in the words of the Minister of Public Works (Mr. Green), the greatest betrayal of the Canadian people since confederation. What disturbs me even more is that the governments failure to act undermines once more the faith of the people of Canada in this parliamentary institution which, in my opinion, is the best instrument man has yet devised for expressing himself collectively and for governing himself. Every time a government takes office, having before they took office expressed an opinion along certain lines, and then when they get into office do quite the opposite of what they were expected to do from the prior sentiments they expressed, parliament is undermined.

This parliamentary institution has enough critics and enough enemies today. When I remember the words of the Prime Minister in this house and across the country, that the supremacy of parliament must be restored, that the Liberals have made this house a caricature of parliament, I tell him today that if he fails to do the things he should do, he will not only be making a caricature of this parliament, he will not only be denying the supremacy of this parliament, he will be undermining it in a manner in which no other prime minister or government has undermined this institution since confederation.

Hon. Howard C. Green (Minister of Public Works): The amendment before the house today, Mr. Speaker, and the remarks which have just been made by the hon. member for Rosetown-Biggar (Mr. Coldwell) illustrate clearly two of the methods of approach of the C.C.F. party which he leads in Canada today. The first is that this amendment advocates outright socialism.

Mr. Coldwell: No.

Mr. Speaker: Order. I am sorry to interrupt the minister but the other day I made an error which I do not want to repeat today in not reading the motion so that we had it properly before the house. I should now like to put the motion. The hon. member for Rosetown-Biggar (Mr. Coldwell), seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), moves an amendment to the motion to go into committee of supply as follows:

> That all of the words after the word "That" to the end of the question be struck out and that the following words be substituted therefor:
>
> "this house is of the opinion that the government should consider the advisability of taking the necessary steps to bring the trans-Canada natural gas pipe-line under public ownership so as to preserve this important public utility for the benefit of the Canadian people and to make sure that the profits from this venture will accrue to the nation as a whole rather than to a few privileged individuals, and further this house is of the opinion that the government should take the responsibility for recommending policies to parliament regarding Trans-Canada Pipe Lines Limited instead of evading such responsibility by referring matters in relation thereto to a royal commission."

I am sorry to have had to interrupt the hon. minister.

Mr. Green: As I had begun to point out, Mr. Speaker, this amendment today before the house and the remarks of the hon. member for Rosetown-Biggar illustrate two of the basic approaches of the C.C.F. party to the problems which face the Canadian people. The first approach is socialism; this amendment calls for outright socialism.

Some hon. Members: Oh, oh.

Mr. Green: They may deny it, but they are socialist in one place, half socialist in another and quarter socialist in a third. I find that fundamentally—and the hon. member for Vancouver East (Mr. Winch), confirmed this at one of these big celebrations last week end—the main policy of the C.C.F. party still remains socialism as it appears today in this amendment and in the remarks made by the leader of that party.

Mr. Knowles (Winnipeg North Centre): Was Mr. Drew a socialist?

Mr. Green: Well the cold hard fact is this: the Canadian people do not believe in socialism. This country of all countries is one which has been developed by the initiative of the individual. Canada would not be what she is today if she had had a system of socialism since the year 1867 with everything being directed by a group of politicians sitting here in Ottawa and with all the business undergoing state direction.

An hon. Member: It would be way ahead.

Mr. Green: This is a nation and the Canadians are people who believe in free enterprise and in the initiative of the individual and, above all groups in the country, the group to whom that means the most is organized labour. Where would they be under a system of state direction?

An hon. Member: They would not be unemployed.

Mr. Green: I do not wonder that the hon. members in the C.C.F. party try to push their socialistic ideas under the rug when it is a little inconvenient to express them but nevertheless there they remain and that is one of the reasons why over the last 25 years they have never made any progress in Canada. Just last week they had, what was it—10 per cent of the popular vote across the country? So much for the first approach. I do not think there is any need for me to deal with it any further, but the second approach is a far more serious one.

This party down in the corner to your left, Mr. Speaker, time and time again have used a smear campaign as an approach. And we have seen that approach today in all its venom. We have heard charges that the members of the government are insincere, very suspicious and so on. We have heard the statement that their silence speaks louder than words and we have heard attacks on men like Henry Borden. The hon. member for Rosetown-Biggar said he did not intend to attack anybody and that these men were all estimable men but he then went on to drop a few atom bombs on Henry Borden and Mr. Levesque and Frank McMahon. He tried to get the government all involved with Frank McMahon; he said this man was one whom the Conservatives, when in opposition, wanted to have take over the trans-Canada pipe lines.

Mr. Knowles (Winnipeg North Centre): Did you not?

Mr. Green: The hon. member knows or should know that what we said in this house to the government of the day was "Why do you not consider the plan that Mr. McMahon is proposing; why do you restrict your dealings to the one group?" There was not the slightest justification for his insinuation today that we were aiming to get McMahon into this trans-Canada pipe line affair. These are smears unworthy of the hon. gentleman and I am amazed that he would use them today.

Then he charged we were not true to the policies of Sir John A. Macdonald and that the present Prime Minister (Mr. Diefenbaker) and all his supporters were a type of renegade Conservative.

Some hon. Members: Hear, hear.

Mr. Green: Well, the hon. member's supporters laugh and jeer and bang their desks now when I make that statement and they have been doing that kind of thing on platforms all over Canada for many years past. It is just the smear approach. It always reminds me of a hound dog baying at the moon—completely impractical. They forget anything that has to do with the working out of this policy; that is no concern of theirs. They just make one big jump from here to there and leave out all the details of how you are going to get from one place to another. I do not suppose there has ever been a more impractical group of politicians under one flag than Canada has in the C.C.F. party.

In 1956 when we were having the pipe line debate there was a situation existing at that time, but my hon. friend from Rosetown-Biggar just ignores that situation; he ignores everything that has happened in the meantime and comes right down to today and accuses us of breaking faith and changing our policy and all this sort of nonsense.

Mr. Knowles (Winnipeg North Centre): Have you not?

Mr. Green: The hon. member for Winnipeg North Centre (Mr. Knowles) is a great deal worse than the hon. member for Rosetown-Biggar.

Mr. Knowles (Winnipeg North Centre): May I express my thanks to the hon. minister. That is the finest compliment that has ever been paid to me in this house.

Mr. Green: We will hear plenty from the the hon. member for Winnipeg North Centre between now and the end of the session, just as we have between now and the start of the session.

Mr. Diefenbaker: He has more lines in *Hansard* than any other one member.

Mr. Green: When this question of pipe lines first came up way back in 1949, it was the Conservative party or the Conservative members in this house who, true to the policies of Sir John A. Macdonald and the founders of this nation, advocated in season and out of season "a Canada first" policy; that Canadians should have the first opportunity to use their own Canadian gas and oil. That was our stand from the beginning; it has been our stand all the way through and it is our stand today.

When the debate took place in 1956 we criticized the government primarily because of that belief. We have always thought that Canadians should have the first opportunity to use their resources. The C.C.F. group criticized the proposal primarily because they wanted state ownership.

The hon. member for Rosetown-Biggar has on more than one occasion in this house quoted the last paragraph of a speech I made on May 15, 1956 and I believe he has also

quoted it over the air. I told the government of that day and I repeat it now: I believe that this measure now proposed by the government is the greatest betrayal of the Canadian people since confederation. If the hon. member had taken the trouble to read my speech—

Mr. Coldwell: I did.

Mr. Green: —then he should in fairness have given the basis for that remark, and the basis was this: in the spring of 1956 the Liberal government came to parliament and asked for authority to lend $80 million to Trans-Canada Pipe Lines Limited to enable them to build a line from Alberta to Winnipeg, or it may have been to the Ontario border. I think it was to Winnipeg. At that time we believed—and I still believe this was the case—that the whole plan was a plan of the Tennessee Gas Transmission Company. What they wanted was to get a pipe line from Alberta down to the United States, down into Minneapolis and St. Paul and into Chicago, and then they had another branch coming into Canada at Niagara. The plan was not designed for Canada first; it was designed for the benefit of the Tennessee Gas Transmission Company first. I went on to point that out in my speech, and it was on this basis that I made the charge contained in the last paragraph of my remarks. Similar attacks were made by other members of this party based fundamentally on the same complaint.

What has happened in the meantime? The company has not yet got permission to export gas to the United States. Work went on last year—and the hon. member for Rosetown-Biggar completely ignores these facts—work went on last summer, but at the time this debate took place in May, 1956, the pipe line had not been started. It started last summer and now I believe it is being laid from Winnipeg to the Ontario border.

Mr. Knowles (Winnipeg North Centre): With explosions every day or so.

Mr. Green: Well, we have explosions here every day or so from some hon. members in that quarter of the house. Here in the east the project is now drawing near completion, and that is the situation today; that was the situation which the new government faced when it took over in June. Furthermore, there had been a crown corporation set up by the statute which was passed in June of 1946. The province of Ontario was a partner of the federal government in that crown corporation, and the crown corporation was actually at work laying the pipe line in northern Ontario.

Now it is all very well for the hon. member for Rosetown-Biggar to say he would at once have taken over the whole pipe line. He may or may not be wrong in adopting a policy of that kind, but surely he cannot accuse the present government of insincerity, or of bad faith, or of all those crimes of which he thinks we have been guilty. Surely he is going much too far in making accusations of that kind in the circumstances.

Once we took over we began a study of the situation, and the picture is a very complicated one. There are many different questions to be settled. The hon. member says very lightly today: you should have moved at once. He says in this amendment that instead of evading responsibility by referring these matters to a royal commission we should have taken more immediate action. But it would be interesting to see the C.C.F. group in power here just to see how quickly they would have changed their tune, just as they have changed a lot of tunes since they took power in Saskatchewan. The hon. member for Rosetown-Biggar should give some consideration to the duties placed on this commission. I am going to read them to the house this afternoon. These are the things into which the commission is to look and upon which it is to make recommendations:

(a) The policies which will best serve the national interest in relation to the export of energy and sources of energy from Canada.

Within the last few years this whole question of Canada's energy sources and what is to be done with them has become one of the most important problems before the country, and it is also one of the most difficult. It involves not only gas and oil but also power and uranium; all of those energy sources. No government is in position to adopt a long-range policy without having made a thorough investigation of the whole situation. I submit with all deference to the hon. member for Rosetown-Biggar that we had a perfectly good and honest reason for setting up a commission of investigation with regard to this particular matter.

Mr. Coldwell: I do not want to be misunderstood. I actually said that there were some things which should be referred to a royal commission, but I added that Trans-Canada Pipe Lines was not one of them.

Mr. Green: Well, the hon. member apparently admits that clause (a) of the instructions to the royal commission is all right. Now I will ask him to listen to clause (b) and see what he thinks of that.

(b) the problems involved in, and the policies which ought to be applied to, the regulation of the transmission of oil and natural gas between provinces or from Canada to another country, including, but without limiting the generality of the foregoing, the regulation of prices or rates to be charged or paid, the financial structure and control of pipe

line corporations in relation to the setting of proper prices or charges, and all such other matters as it is necessary to enquire into and report upon, in order to ensure the efficient and economical operation of pipe lines in the national interest.

The hon. gentleman nods his head. I am sure he agrees we had perfectly good justification for asking that this commission investigate the matters referred to in paragraph (b).

Mr. Coldwell: I am not disputing that. What I am disputing is the propriety of the government to refer Trans-Canada Pipe Lines, about which they held such definite opinions, to this royal commission.

Mr. Green: I want to find out how much of this the hon. member agrees with and how much he does not. He has agreed to paragraphs (a) and (b). I am going to read each one because they are important. It just is not good enough to pick out one or two and proceed to belabour us about one of them and leave the inference that the whole commission is just eye-wash and that is what the hon. member for Rosetown-Biggar did. I read paragraph (c):

The extent of authority that might best be conferred on a national energy board to administer, subject to the control and authority of parliament, such aspects of energy policy coming within the jurisdiction of parliament as it may be desirable to entrust to such a board, together with the character of administration and procedure that might best be established for such a board.

Now, the hon. gentleman apparently agrees with that function of the commission. May I point out to him that the present Prime Minister, other members of the Conservative party and myself, when in opposition, had advocated the setting up of a national energy board and we are very much in earnest about getting ahead with that policy. Surely, the practical way of doing it is to have an investigation made of the type which this commission is authorized to make. I now come to paragraph (d), and here I suppose is where the hon. member dissents. It reads:

Whether, in view of its special relationship to the Northern Ontario Pipe Line Crown Corporation and the nature of its financing and control, any special measures need to be taken in relation to Trans-Canada Pipe Lines Limited in order to safeguard the interests of Canadian producers or consumers of gas.

In his remarks the hon. member raved away about what we should be doing with Trans-Canada Pipe Lines Limited. He referred to Mr. Tanner and Mr. Coates, and what I am wondering is what he would have done to Mr. Tanner and Mr. Coates. Would he have put them in jail, or tried to put them in jail, without any evidence at all? Would he simply bring them before the bar of the house and then throw them into the basement? The hon. member shakes his head. It is one thing to malign men like Tanner and Coates in this house and it is another thing—

Mr. Stewart (Winnipeg North): Who called them buccaneers?

Mr. Coldwell: That was not my word. I did not malign them. The Prime Minister called them buccaneers.

Mr. Green: What we are asking this commission to do in paragraph (d) is to go into the whole question of the relationship of Trans-Canada Pipe Lines Limited to the Northern Ontario Pipe Line Crown Corporation and, further, to go into the nature of the financing and control of Trans-Canada Pipe Lines Limited and into the question of whether there are any measures which should be taken by the government in order to safeguard the interests of Canadian producers or consumers of gas.

Mr. Knowles (Winnipeg North Centre): And make a report after the next election?

Mr. Green: Oh, the hon. member for Winnipeg North Centre just lives on and breathes suspicion. I sometimes wonder whether he has not got himself worked into the frame of mind where he believes that the only honest people in Canada are members of the C.C.F. party.

Mr. Coldwell: Nonsense.

Mr. Green: These people down in the left-hand corner, Mr. Speaker, seem to believe that nobody in this house is trying to do anything for Canada but themselves. I am surprised that after 25 years down in that corner they have not learned that that is all completely wrong; that members here of all parties are trying to benefit the Canadian people in the way which seems to them to be the best way to do it.

The hon. member for Winnipeg North Centre says that this commission is just to get the Tories over the next election. May I point out to him that the Tories expect to be on the right side of the house for a long, long time.

Mr. Stuart (Charlotte): Wishful thinking.

Mr. Green: We have set up this commission to help us solve these very difficult problems.

Mr. Stuart (Charlotte): I thought you had them all solved.

Mr. Green: They can accuse us all they like of just trying to shelve the problem. That has not been our record since this house began. The hon. member for Assiniboia (Mr. Argue) rose in his place the other day and said that never had a government moved so

fast as the present government to deal with problems and the hon. member for Peace River (Mr. Low), the leader of the Social Credit party, went out west and when he had a lot of good fresh western air in his lungs—I wish I had some now, Mr. Speaker—said that this Conservative government is doing things; there has never been a better government in Canada.

Mr. Johnston (Bow River): Mr. Speaker, on a point of order, the leader of the Social Credit party never said any such thing. What he did say was that was what parliament did, and that is a different thing from saying it was the government that did it.

Mr. Green: Well, I am sure the hon. member for Bow River (Mr. Johnston) never said any such thing, and I would not expect him to. He says a lot but he would not say anything like that.

This government, Mr. Speaker, has moved to deal with this question. A commission has been set up in good faith. The terms of the commission have been approved today by the hon. member for Rosetown-Biggar, with the exception of this one reference to the Trans-Canada Pipe Lines Limited. The personnel of the commission could not be improved upon, in spite of the slurring remarks he made about the chairman.

Mr. Coldwell: I made no slurring remarks.

Mr. Martin (Essex East): Of course not.

Mr. Coldwell: I said they were estimable gentlemen whose ideas, perhaps, might be influenced by their associations.

Mr. Green: Well, I am glad the hon. member is admitting that his party now believes in guilt by association.

Mr. Coldwell: No, I did not say that.

Mr. Green: Certainly, he had no right to attack these men.

Mr. Coldwell: I did not. I rise on a question of privilege. I attacked no one this afternoon. I simply said what their business connections were. When men have business connections they often influence their judgment in business matters and surely that is not an aspersion on a man's character. Is the hon. gentleman trying to make a fool of himself?

Mr. Green: What the hon. member for Rosetown-Biggar is insinuating, Mr. Speaker, is that Henry Borden cannot give an honest opinion on these questions. I leave that to the judgment of the house. He was very wise to stop when he did in reading the list of men who are to constitute this commission. I am sure he would not question Professor Britnell of Saskatchewan, or Gordon G. Cushing, one of the vice-presidents of the Canadian Labour Congress, or other members who are named on the commission.

We have set up a commission that will be holding its first meeting next week and I believe that these men will do a splendid job for Canada. But it is not very much help to them as they face these difficult problems to be attacked as they have been attacked in the House of Commons this afternoon.

Mr. Knowles (Winnipeg North Centre): Will the hon. member permit a question?

Mr. Green: Surely.

Mr. Knowles (Winnipeg North Centre): Will he say that he was smearing Mr. Tanner and Mr. Coates when in this house on February 25, 1957, as found at page 1617 of *Hansard*, he attacked them because of the profits they made out of the trans-Canada pipe line deal?

Mr. Green: If I made an attack such as the hon. member for Rosetown-Biggar made this afternoon, then I was wrong.

Mr. Knowles (Winnipeg North Centre): The minister attacked Mr. Murchison, too.

Mr. Green: But here we have this commission set up to do a job for Canada and the members are attacked on the floor of the House of Commons. Naturally the government cannot accept the amendment moved by the hon. member for Rosetown-Biggar. We think it is not only unwise but also—

Mr. Knowles (Winnipeg North Centre): Embarrassing.

Mr. Green: —very unfair. Oh, we are not embarrassed by anything the C.C.F. party does in this parliament. They are such big, brave fellows when they know that the Liberals are not going to vote with them. If the C.C.F. thought for one minute that when they moved an amendment it might be carried they would not do half as much barking as they have been doing since the house opened. Finally, may I simply say that I am sure that not only the members on the government side of the house but also the members of the official opposition and the members of the Social Credit party on our right realize exactly what kind of amendment this is and will not hesitate to vote against it.

Some hon. Members: Question.

Mr. Deputy Speaker: Is the house ready for the question?

Mr. A. B. Macdonald (Vancouver-Kingsway): Mr. Speaker, I want to say a few words. It is a little bit difficult to speak on the resolution because of the very excellent, powerful and all-comprehensive remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell). I do not think that the Minister of Public Works (Mr. Green), the house leader, seriously attempted to come to grips with the case presented. He used a great deal of his time on matters which indicated that he was not too keen to come to grips with the real question. He said that this amendment was socialism. If this is socialism, I suppose the public ownership of Canadian National Railways is socialism; I suppose the public ownership of Trans-Canada Air Lines is socialism and that the proposition put forward by his former leader, then leader of the opposition, for public ownership of the trans-Canada natural gas pipe lines was socialism. I do not think that argument can be treated seriously.

Whatever the long-term merits of socialism may be, they do not arise here any more than they arise in connection with some public project like the Ontario hydro where the Canadian people have been at pains to use social ownership as a means of controlling and keeping control of the vital lifelines of public existence. Undoubtedly gas pipe lines are just something else of the same nature. The government, by refusing to accept its responsibility to govern, is selling out the people of Canada. That is a strong statement but I want to show what I mean.

In the province of British Columbia one natural gas pipe line company, Westcoast Transmission, has piled up stock option profits amounting to $69 million already. The special tax free capital gains out of that company alone amounted to $69 million before the pipe line was opened. That company too, which is United States controlled, has turned around and under the control of its United States parents is selling gas to United States distributors for 10 cents less than the price to distributors in British Columbia. Westcoast Transmission Company is controlled by Sunray Midwestern Oil in the United States.

This is going on at the present time. There is no academic question here. That company has a 20-year contract to sell its gas to United States distributors at 22 cents per thousand cubic feet while at the present time it is charging Canadian industry and Canadian consumers in British Columbia 32 cents per thousand feet. What does that mean? It not only means that the Canadian consumer is being milked for these stock option gains

—he is the one who will have to pay them off—it not only means he has to pay a higher price for his own gas than the United States consumer but it means that this is a sell-out of Canadian industry. United States industry using cheaper gas can compete very much better with Canadian industry.

Mr. Johnston (Bow River): What is the price to the people of Rosetown-Biggar?

Mr. Macdonald (Vancouver-Kingsway): I do not know that. I cannot answer that question.

Mr. Ellis: Tell us the price in Winnipeg.

Mr. Macdonald (Vancouver-Kingsway): My hon. friend may want to change the subject, but here is a case where Canadian consumers and Canadian industry are being sold down the river at the present time and the government, instead of proposing action to preserve vital Canadian interests, has proposed a royal commission which will certainly last for one year, two years, who knows how long?

An hon. Member: How do you know?

Mr. Macdonald (Vancouver-Kingsway): Because I know how long it took a similar commission on long-term energy prospects in the United States. I note that the commission set up by the government, and about which they were so serious, has not met and will not meet until next week although it was appointed some time early in October. Why this long delay when Canadian interests are being sold out by the supplying of our own gas to the United States at a cheaper rate?

Mr. Broome: I suppose you like the way the Indonesian government has just grabbed hold of everything.

Mr. Macdonald (Vancouver-Kingsway): That may be Conservative policy. It is not ours.

Mr. Ellis: A bright question.

Mr. Macdonald (Vancouver-Kingsway): There is another point that parliament should consider about this matter. Since the 14th of October when parliament opened we have been trying to do something for the retired citizens of our country, the disabled, the blind, our veterans. Think of how much we have provided for these people and how much has been reaped by a small band of speculators in our natural gas pipe lines, $69 million in British Columbia alone and, as the hon. member for Rosetown-Biggar said, $75 million in connection with Trans-Canada. Then there is Quebec Natural Gas and the Northern Ontario pipe line. While we talk about setting up a commission to discuss the question, all that money is going tax free into the

hands of a small band of speculators and it is more than parliament voted by way of increase for the senior citizens of the country. Yet the Minister of Finance (Mr. Fleming), when he brought down his tax proposals the other night, continued to show that tender solicitude towards these interests in his policy of refusing to consider a capital gains tax. This parliament is not ready yet to tax these gains. Surely, that is not acting in the interests of those we were called together to help the old people, the blind, the disabled, the veterans, the people who have built up this country and made the wealth of this country as we know it today.

Nothing personal was said by the hon. member for Rosetown-Biggar about the chairman of the commission that the government proposes to set up. The hon. member showed that the chairman's interests absolutely committed him to take a line that was contrary to the policy adopted by the Conservative party in the debates of June, 1956. Mr. Borden is not just the president of Brazilian Traction, he is president of two subsidiary gas companies of Brazilian Traction. Here he is, the president of two gas companies in Brazil, committed by his life, his actions and his work to the defence of those interests. How would it appear if he decided that it was in the public interest in Canada that Trans-Canada should be a public utility, publicly-owned? Would that not redound immediately against the interests of his companies in Brazil? Of course it would. We know the pressure there is against foreign domination of the economy of Brazil, and such a finding would immediately become news in Brazil. How could Mr. Borden, the chairman, the most important man on the commission the government proposes to set up, take a position against foreign domination of this Canadian life line? Does he not have to make a case in Brazil for foreign ownership and control of Brazilian natural gas companies? Could he be expected to take the other side of the question here? The chairman of the commission is necessarily committed by his business connections to a policy which will not safeguard Canadian natural gas from foreign domination, a policy which cannot conceivably give to the consumers, the people of Canada generally, public ownership of that natural gas company.

In making his case, the Minister of Public Works was in error in suggesting that it was a personal thing. However, it is such a powerful case that the hon. member has made that even if the government has to continue this commission to investigate the long-term uses of energy in Canada and the ultimate regulation of those energies, gas, electricity, uranium and so forth, it should reconstitute that commission to make sure that none of the members, especially the chairman, is committed by business connections to taking a position which would not be in the interests of the Canadian people.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I think it is well that at this time some of us who have been interested in this question of gas and oil production in Canada for a long time should lay some of the facts before this house that will enable us all to see this thing in proper perspective. I might say, in my own case, that long before we heard from many people in this house about this question of the exploitation of producers and consumers there were voices raised in western Canada pointing out these facts. These facts are on the records of newspapers in western Canada and were there long before we heard from any of our friends who sit in one corner of this house.

Today I heard remarks passed about the sincerity of this government. I think before we measure this sincerity we had better learn to take a good look at ourselves. I refer particularly to a little episode in Saskatchewan which occurred not so long ago known to the Saskatchewan people as the Regina outdoor theatre. There were four men in that province, the Hon. Mr. Fines, the Hon. Mr. T. C. Douglas, a Mr. Bodneff and a Mr. Shumiatcher, who entered into association, and who put up approximately $4,000 in capital for equity shares in a theatre worth $150,000. Here we have an identical case to what has been happening in connection with this oil business. Here we have a group of men visualizing the possibility of capital gains. They have invested $4,000 in equity stock and then they go out and borrow $90,000 on debentures, allowing the profits to pay off their debentures. Then when they sold the theatre it would be worth the market value which, at one time, was approximately $150,000.

I was not one of those people in Saskatchewan who condemned these four men for doing what they did because that was one of the techniques used by businessmen to try to avoid paying income tax, to get a capital gain. I maintain that in any kind of transaction such as this, where we condemn one group of men for doing something, we should be equally fair and condemn other groups for doing the same thing. I think these facts put a different light on the words spoken by the hon. member for Rosetown-Biggar (Mr. Coldwell). Where was he or any other member of his party in Saskatchewan when this matter

was before the public of that province? Not one of them raised their voices but let the thing disappear from public interest gradually. Eventually these men sold out. As leader of my party in that province I took part in the discussion, but not in connection with this question of capital gain or this question of using equity stock to avoid paying income tax. I raised the essentially democratic issue of the right of two ministers of the crown to be associated in business with two other men doing business with the crown. It was on that point I raised my voice in Saskatchewan, but it was not heard.

I want to point out to this house that this is a case of record. The facts are there for the public to see. When people talk about sincerity I like to see that they apply the same rules of judgment in one case as they apply in another. I am not finished with this matter entirely, Mr. Speaker. I have to make some quotations from memory, but I challenge anybody in the house to question these quotations. We had the question of the development of oil and gas in our province under discussion. There was hesitation about accepting any investment from risk capital in our province. The province of Alberta began to move forward in oil and gas development. I was one of those in Saskatchewan who held that we should encourage these large investments of risk capital in our province. I was not the only one. Here is a statement from the provincial treasurer of the province of Saskatchewan, Mr. Fines. This is just a rough statement corresponding to what he said, but I challenge any person in this house to question the accuracy of it.

He said that the government should not be engaged in risky natural resource development projects. He was backed up by a person called the premier of the province, Mr. T. C. Douglas, who made a statement along this line, that no government led by him would expropriate or take over gas and oil companies engaged in development of resources. These statements appeared in the oil magazines in western Canada as a guarantee of the leader of our government in Saskatchewan that, in these great risk enterprises for the development of our natural resources, there would be no interference, no socialism, no expropriation.

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

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Ellis: Is it not a fact that all the pipe lines in Saskatchewan are publicly owned?

Mr. Hamilton (Qu'Appelle): That is a very profound observation from the hon. member for Regina City.

[Mr. Hamilton (Qu'Appelle).]

Mr. Ellis: I was just wondering if you knew about it.

Mr. Hamilton (Qu'Appelle): I am just simply putting on the record the statements by the leaders of the government of that province. Now we have a repudiation of the leaders of that province in this house by the members of the C.C.F. They are advocating a policy here which in effect is expropriation of a company.

Mr. Coldwell: For which we paid; we put up all the money.

Mr. Hamilton (Qu'Appelle): For which this parliament did contribute when it started. Now I want to lead on to this next point. We have found in Saskatchewan that we have to co-operate with the people who bring in risk capital. We have found it to be good business. The province of Alberta at the present time receives over 60 per cent of every dollar received from the oil and gas business. In the public documents of that province of Saskatchewan, you will find a statement that between 40 per cent and 60 per cent of every dollar coming from the oil and gas business in Saskatchewan will go into the treasury of the province of Saskatchewan. We in the west know that in this great oil and gas industry the people of Canada are the persons who will get the greater share and we will do all we can to let the thing develop on a sound economic basis.

This brings me to the question of the royal commission and the speeches made here today and this lack of dealing with the fundamental issue that is raised by the hon. member for Vancouver-Kingsway (Mr. Macdonald). If you read this section (d) which is under dispute, you will find it states:

> (d) whether, in view of its special relationship to the Northern Ontario Pipeline Crown Corporation and the nature of its financing and control, any special measures need be taken in relation to Trans-Canada Pipe Lines, Limited, in order to safeguard the interests of Canadian producers or consumers of gas;

Long ago it became clear in western Canada that there was a great pressure play being put on the producers of gas in our western provinces, particularly in Alberta. We heard of a company coming out there called Trans-Canada Pipe Lines offering our producers 10 cents a thousand in the centre of the field. My voice was raised in western Canada long before the voices of any members of the C.C.F. party were ever raised in this matter. For the last seven years I have tried to keep the public of Saskatchewan informed on our participation in the risks of this type of pressure being put on these producers because I knew the producers of gas and oil in the west were ourselves. We own from 40 per

cent to 60 per cent of it. In their defence I fought steadily for the right to set up some form of regulatory body in Canada that would control the rates paid, and have some say in the rates paid to the producers and the rates charged by pipe lines carrying this product through the pipe lines to the consumers. In that particular industry it so happens that there is a community of interest between the producers of western Canada and the consumers of eastern Canada because gas is a fixed cost industry. If we can get firm sales in eastern Canada we can reduce the price to consumers and at the same time give more to the producers.

The very rightness of my judgment on this question of price is now borne out today by the fact that Trans-Canada cannot get new contracts signed at an increased price of 12 cents because anyone who knows economics and knows the situation in western Canada knows that the production cost is some place between 14 cents and 18 cents in the centre of the field.

What has this all got to do with this question we are debating here today? We have not in Canada today any body qualified to judge how much surplus gas we have, or the rates that should be paid to any transportation company carrying that gas from one part of Canada to the other; and certainly we have not any body qualified to judge on this very difficult matter of price structure.

I do not think there are too many members on the opposition side of the house who are at all qualified to stand up and say that we can act like the federal power commission in the United States with years of experience behind them. The great thing to remember is this. The action that this government has taken should have been taken five years ago. We are going to be in serious trouble for many months to come. We have on the statute books of this country an act called the Exportation of Power and Fluids and Importation of Gas Act. As all hon. members know, this statute says that no gas can be exported until there is a surplus of gas declared in Canada. What is the body that declares that surplus? In Alberta they have a conservation board which has done wonderful work in trying to establish the presently known gas reserves, the potential reserves and the probable reserves. We have nothing like that in Saskatchewan. We have nothing like that yet in British Columbia and I do not think they have yet got to that stage in Manitoba. How any person can stand up in this house and say that this can be followed through when there is no competent body of belief or opinion as to that question of conservation, I do not know. I think that person is evading the essential issue in our problem in Canada here today.

In that act there is also a regulation which says that no gas shall be exported out of Canada unless it is at a comparable price for the same kind of fuel in the country to which the gas is going. It is on this question that many of us in all sincerity wonder if the laws of Canada are being obeyed today. This is a question for judges to decide, people of judicial temperament. That is the place of this royal commission. We did our level best to try to get a group of people not directly connected with the oil and gas business in Canada to act as a body that would give us this judgment. That was one of the reasons why it was almost impossible to get a person in the business to go on that royal commission, because of their direct connections with and direct interest in it. It is almost impossible in the whole of Canada to get people who are not in some way indirectly connected with the oil and gas business.

I therefore point out, in concluding my remarks, that this royal commission was set up on October 15. The two secretaries have been working collecting information and I have been doing what I can in my own department, as a matter of fact, having my own department find all that we can. I do not know whether or not the royal commission will ask me for that information. But it just strikes me that if all these people who have been talking about this whole matter of Trans-Canada Pipe Lines and Westcoast Transmission—and I am one of them—are sincere in what we have said, it is our duty to make sure that we have witnesses ready to go before that royal commission in order to present the viewpoint that we have. I am prepared to do my part and I trust that the hon. gentlemen who have spoken so much across the chamber will do the same. I cannot support the amendment moved by the hon. member for Rosetown-Biggar.

Mr. Claude Ellis (Regina City): It had not been my intention, Mr. Speaker, to say anything on this amendment but the remarks just made by the minister from my own province rather intrigued me. I was quite surprised at his admission that what he was going to read were, I believe he said, rough quotations of something that certain other gentlemen were supposed to have said in the province of Saskatchewan. I think perhaps the validity of the hon. member's statement can be judged from an instance of what occurred in the house on November 27 when, on the question of privilege, my colleague the hon. member for Kindersley (Mr. Johnson) referred to a statement by the minister which had been reported in the

press in Saskatchewan and to which the minister took some exception. The minister at that time made this statement:

C.C.F. members oppose the move as useless, although it was supported by farm organizations.

Then he went on to point out that one member had argued against the cash advances resolution. He was asked who it was, when the hon. member for Rosetown-Biggar said:

Might I ask who was the hon. member concerned, because I have no recollection of this.

The minister replied:

I said one member, in his remarks in this house, had described it as useless.

Mr. Coldwell: Well, who was that? I have no recollection.

There was no answer. So on that occasion the minister was making reference to something which had gone on in this house, but he could not even give us the name of the individual who was supposed to have made this statement.

Mr. Hamilton (Qu'Appelle): May I ask a question of the hon. member?

Mr. Ellis: Certainly.

Mr. Hamilton (Qu'Appelle): Do you honestly want to know who the member was to whom I was referring?

Mr. Ellis: You know now. You did not know then.

Mr. Hamilton (Qu'Appelle): I knew then because I quoted from his remarks from page 517 of *Hansard*. When a member stands up in this house and says that a proposal is too little and too late and not only is inadequate but stupid I would assume that is somewhat comparable to the word "useless" and that he is opposed to the legislation.

Mr. Ellis: Well, Mr. Speaker, I am quite sure we are all pleased that the minister in the interim has discovered who was the member concerned, because certainly at page 1555 of *Hansard* on November 27 he did not know.

Mr. Hamilton (Qu'Appelle): On a question of privilege, Mr. Speaker, I would like to say to the hon. member that I knew exactly at that time who was the person. I quoted from his remarks in *Hansard* and all I was doing at that time was avoiding the embarrassment of the member in front of his colleagues.

Mr. Ellis: I suggest the hon. member would have preferred being named because I am sure that having made the statement he would be quite capable of backing it up.

Some reference was made in the earlier part of the minister's remarks to private business in my own home city of Regina and, in some obscure manner, the minister tried to tie this in with the question of pipe lines. I think when the hon. member from Saskatchewan, who should know better and has listened over the years as I have listened to the type of remarks made by the hon. member for Rosthern (Mr. Tucker) and other members of the Liberal party from Saskatchewan and who realizes how utterly ridiculous were those charges, should know better than to repeat this nonsense on the floor of the House of Commons.

I suggest to him that if he feels that every small business should be investigated and if he is opposed to the manner in which business is carried on in the country, that is his privilege but when we are dealing with pipe lines we are dealing first with a monopoly. A pipe line by its very nature is a monopoly. Furthermore, when we are dealing with Trans-Canada Pipe Lines we are dealing with a monopoly created through the use of public funds and I suggest there is absolutely no parallel between an ordinary business—whether it be a theatre or a grocery store or any other type of small business —and a public monopoly or a monopoly created out of the use of public funds.

Mr. Hamilton (Qu'Appelle): Would the hon. member permit a question. Does the hon. member want to tell this house that a $150,000 business—either a theatre or a grocery store—is a small proposition?

Mr. Ellis: I do not think the minister really expects that hon. members in this house are going to become exercised over what they know to be a normal business procedure in all of the businesses in this country and I would think that, as a defender of free enterprise, he would be the last one in the world to allege that a businessman in the entertainment field or in business generally could in any way be compared to Mr. Tanner, Mr. Coates, Mr. Murchison, Mr. McMahon and others who were described by his own leader as buccaneers.

I would suggest that when reference is made to a smear attack on the personnel of the royal commission, as was made earlier, members on the government side should explain the evidence upon which the present Prime Minister (Mr. Diefenbaker) in 1956 called Mr. Tanner and Mr. Coates buccaneers.

Apparently the hon. gentleman had sufficient evidence in his possession upon which to formulate his judgment and I suggest that because the member for Rosetown-Biggar (Mr. Coldwell) places on the record of this house the business connections of certain gentlemen it does not constitute an attack or a smear. Now if the hon. gentlemen opposite want to consider that the

placing on the record of a man's business connection constitutes a smear, then I suggest that is a very grave reflection upon the businessmen of this country. I say this because all the hon. member for Rosetown-Biggar did was to outline the business connections of these two gentlemen in order to indicate their difficulties in exercising impartial judgment.

Now I mentioned a moment ago the reference made by the minister in respect to my own province in connection with pipe lines and I asked the minister whether it was not a fact apart from Trans-Canada Pipe Lines of course which is interprovincial, the construction of all pipe lines in the province of Saskatchewan—outside of the main trunk line—is under the auspices of the Saskatchewan power corporation and that we in Saskatchewan are doing precisely what we want the government of Canada to do.

In Saskatchewan we are developing our gas pipe lines as a public utility in order that natural gas may be brought to the hon. member's home city of Saskatoon. I do not know whether the hon. gentleman has natural gas in his home in Saskatoon but I know there are thousands of people in that city, as there are thousands of people in my own city, who are now benefiting as a result of the development of our resources and through the transmission of natural gas by the Saskatchewan power corporation into the cities, towns and villages of the province of Saskatchewan.

The hon. gentleman said something about risk capital. I think he ought to bear in mind that there is a distinct difference between capital invested in oil exploration and the building of a pipe line. Where, might I ask, is there any risk involved in the building of a pipe line? There has not been a pipe line built in North America which has not produced sizeable profits for its owners and there has not been a pipe line built in North America which has failed. Therefore, for the hon. gentleman to suggest there is any similarity between the risk capital involved in exploration for oil and the building of a pipe line to transport the gas resources in being from the producer to the consumer is, of course, to beg the question. I suggest that we in the C.C.F. have been thoroughly consistent in that over the years we have stated in this house that we believe the Canadian people will enjoy the greatest benefit from the natural resources of this country through the building of pipe lines by the government.

We have proven this to be the case in the province of Saskatchewan. We used to hear all sorts of references to gas prices; we do not hear them any more. As a matter of fact the right hon. member for Melville (Mr. Gardiner), last year or two years ago, had a great deal to say about gas prices and prospective gas prices in Regina. We do not hear those comments any more because, as my hon. colleagues from Winnipeg will confirm, there has been a tremendous struggle going on in the city of Winnipeg over this matter and it has been proven that after making allowances for the extra distance involved in the pipe line between Regina and the city of Winnipeg, the people of Winnipeg, who are not getting the benefits of a publicly owned pipe line, are going to pay I believe 25 or 26 cents more per thousand cubic feet for gas than are the consumers in my own city of Regina. That, I think, illustrates the benefits which accrue to the gas consumers in this country through a policy of public ownership of pipe lines.

Hence the suggestions which we have made during the course of this and previous debates have been substantiated through actual performance in my own province. I suggest that what is being done there can be done with equal benefit to the people of this country through the adoption by this government of public construction and ownership of pipe lines.

Now some reference was also made by the Minister of Public Works (Mr. Green) to socialism. Well, it was rather strange that in 1956—read reports from the province of Ontario of speeches made by the then leader of the opposition—Mr. Drew suggested public ownership. Did that make Mr. Drew a socialist? Were the Tories who suggested that also socialists and are the supporters of the Ontario hydro socialists? The minister spoke also with respect to free enterprise and the fact that this country had been built by free enterprise. Might I ask whether the amendments to the National Housing Act were not brought about because of the failure of private enterprise to come up with some solution of our housing problem?

Time after time this parliament has had to bail out private enterprise and make use of public funds to cover up the failure of private enterprise through its failure to solve many of our major problems. Here is an instance with regard to which the Conservative party made a strong case in 1956, even going so far as to suggest public ownership, where the government is under a moral obligation to the people of this country who expected that as the result of the election there would be a reversal of the policy adopted by the previous government. The people of Canada have the right to expect that the government should take hold of the situation now, not refer it to a royal commission, and that it

should take steps at once to bring Trans-Canada Pipe Lines under public ownership.

Mr. A. R. Smith (Calgary South): Mr. Speaker, one of the disadvantages in trying to attend both meetings of committees and the sittings of this house is the difficulty one is bound to experience in picking up the threads of a debate on a subject as complex and as broad as this, a debate which has brought out a somewhat tired skeleton from the closet for further examination.

In the very few minutes during which I propose to take part in this debate I do not intend to become any further involved in any discussion of the conflicting ideologies of private enterprise and socialism. This has been a source of disagreement for many years past and it will undoubtedly continue to be so in other centuries than this. But reference has been made to insincerity with regard to the establishment of a royal commission, and speaking only for myself and as someone who has made a living in this industry for some time I wish to make one point abundantly clear. I would be less than honest if I did not say that, naturally, the producers of this product would be somewhat concerned over any lengthy delay such as could result from protracted hearings before a royal commission, but having said that let me say with equal sincerity that the establishment of a body for the orderly regulation of the oil and gas industry, is something which not only consumers but producers also have been advocating for the past 20 years or so. Yes, the first request of this kind goes back to the days when the industry, in its infancy at that time, recommended that authority should be assumed by a federal board somewhat similar in constitution to what we know today as the federal power commission of the United States.

What could such a commission as is now being set up accomplish? The Minister for Northern Affairs and National Resources (Mr. Hamilton) has explained that one result could be an energy board which could clarify and determine the future course of the oil and gas industry as it is related not only to the producer but also to that equally important person in Canada, the consumer. If a question of sincerity is involved, Mr. Speaker, I suggest that this was the first and prime objective in setting up the commission. This will unquestionably be accomplished if we can be patient enough to await the outcome.

But I should like to suggest to hon. members of this house that consideration of these matters by the commission will inevitably delay the growth of this industry whether the gas goes into the domestic market or into the foreign market, with serious effects upon a source of wealth which is as important to Canada as is the oil and gas industry. It is wrong for any member of this house to assume that it is possible to keep the product in the ground and have it available, as if by turning on a tap, when it is required for consumers in Canada alone. It is important to bear in mind that the known reserves of gas in Canada today amount to about 24 trillion cubic feet, and also to bear in mind that we are discovering new reserves at the rate of approximately two trillion feet per year, so that in the course of the next 25 years we may expect to have something like 74 trillion cubic feet of reserve capacity. With these figures in mind it is obvious that we as Canadians need have no concern that the domestic needs of this country, present and future cannot be met.

One result of the energy commission which could follow the setting up of this royal commission would be the determination of how best these reserves of gas could be used and for what purpose. As I have pointed out, even on the basis of the gas known to be available in Canada today we have a reserve capacity far greater than the Canadian demand. Therefore, in considering this question, which is so important to the economy of Alberta and Saskatchewan, it stands to reason that regardless of whether a pipe line is to be owned by individuals or publicly we must look to the export of natural gas. Now to take this one step further: what is the best procedure with regard to the export of this gas?

There are, admittedly, a few limited regulatory bodies in Canada. We have a lesson to be learned from the Alberta gas conservation board which is practising a philosophy generally accepted by both producers and consumers. We have a minister's conference which deals with these matters purely on an annual basis, and we have certain regulations in the three provinces. I believe that if this energy commission were to examine the history of this group of organizations together with representations made by consumer groups it could put together an interim study in the interest of both producers and consumers. The report which would then come forward would represent the first oil and gas policy for Canada.

I suggest that as it is now six o'clock we should adjourn at this point.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Smith (Calgary South): Mr. Speaker, in my remarks before the adjournment I endeavoured to trace some of the history of the gas industry and the implications of that history in relation to export. I said it was not my intention to try to separate the long-standing differences which will continue to exist between the principles of free enterprise and socialism. Then I discussed the need as I saw it as an individual for a royal commission which could produce desirable results from the standpoint of both the consumer and the producer.

Following that I placed myself on record as best I could in recognizing the need of the export of this surplus gas reserve of our country. You may recall that I said a conservative—and for the record I might point out that I mean conservative with a small "c"—estimate of our reserves of natural gas has been placed at approximately 24 trillion cubic feet. I then went on to say that the estimated domestic demand for the next 25 years is something in the neighbourhood of 17 trillion cubic feet and that the estimated natural annual increase in the commodity based purely on present indications as a result of exploration is in excess of 2 trillion cubic feet.

I am not a mathematician but from those figures it will be clearly understood that taking into consideration our reserves of natural gas and the anticipated demand which has been arrived at at a number of hearings concerning domestic consumption, and also taking into consideration all the proposed plans for export, it is estimated that we will have a surplus based on present exploration and present rate of growth of over 47 trillion cubic feet. Therefore, I think that any of us regardless of where we may sit in this house can reach the conclusion that we are indeed blessed by nature in having vast quantities of this valuable commodity surplus to the requirements of the country.

It would seem, then, that a commission on energy which I had hoped would be established as a result of the resolution calling for the setting up of a royal commission would be faced with the problem of finding the best policy to follow in the exploitation of this commodity to the advantage of both the consumer and the producer. It was really on that point that I concluded when I said it is apparent to me that the request for the establishment of a royal commission has been made in all seriousness and sincerity because of the existence of a problem which hitherto fore we have not had to face, and also in recognition of the growing surplus of only one of Canada's many natural resources.

I am now going to go one step farther in stating that perhaps the first responsibility of this commission is to determine whether or not a delay in the development of this commodity would work to the detriment of the economy of Canada or, perhaps if we could forecast a conclusion which I assume would not be in order in this house, decide whether or not retaining the reserves of this commodity within Canada would be in the best interests of this nation.

As I said at the beginning the commission must face the question as to whether or not a delay in reaching a decision would in itself be desirable. In dealing with this question I do not intend to review it from the standpoint of the producer alone but I will also consider the position of the consumer in this regard. If I were a witness antagonistic as a consumer to the proposition of the export of natural gas I would say what is perhaps on the lips of every hon. member of this house that to export natural gas means to increase the price of that gas to the consumer. I do not intend to deny that fact, but having said that I would hasten to say that whether gas is used solely for the domestic market or exported the increase in demand will affect the cost of the gas to the consumer.

There is a serious dispute in my own city today as to whether or not gas prices in that city will be increased based on the export of this product. Those who must consider that problem will doubtless have to face the argument that whether or not it is used in the domestic or imported market, or whether it is kept in Canada or sold abroad, the cost of gas will be increased by general demand over the depressed price at which gas has sold during the past 20 years. I say that with the following in mind. When you look at those areas which have enjoyed the use of this resource for many years and obtained it when there was no other market for it due to the fact that there was no transmission system which could carry it from one place to another you will find that those communities had the privilege of enjoying the use of this excellent commodity at an extremely low rate. However, I am not going to limit myself purely to local areas of Canada.

Let us move on to a second question: what will the export of natural gas mean to the consumer? As I have said, when this royal commission sits they will first have to consider the problem of immediate concern as to whether or not to delay the use of that gas either on a domestic or import basis. Another consideration that will be placed

before the commission will be the question of the effect on eastern Canada as a result of the export of gas into the United States. I subscribe to the idea that the presently existing Trans-Canada pipe line will find itself in the position, on the basis of the estimated demand for gas in eastern Canada, of concluding that the domestic transmission of gas will be theoretically sound economically speaking. That is based on their first application to the Alberta conservation board when they asked for a limited supply and, of course, it is not necessary to quote that figure in this house. I think you will agree that finding themselves in that position they will likely have to go back and make application for an additional volume of gas if export is granted. What does that mean to the eastern market in this country?

I suggest it may mean anywhere from 5 cents to 7 cents per thousand cubic feet based on the fact that the reduced sale at a lower contract wholesale price on an uninterruptible basis will, as it has done in past years, produce a lower price at the gates of Toronto or at other eastern points. That is the consideration with which the consumer is concerned.

In the early part of the debate one of our members came to me and said, "Well, what is the position of Canada and its future needs?" I have already stated that based on present reserves of gas, based on domestic requirements and based on the proposed export of gas into other areas of this continent, we still have for the next 25 years a reserve of 47 trillion cubic feet. But what I did not say, sir, is that we have not begun to search for gas in western Canada because until recently we have had no market for it. I am speaking, of course, of the relative situation up to the present time.

In actual fact the discovery rate of gas in relation to oil wells has been about eight to seven, and therefore I am certain it would be assumed by hon. members that if you found a gas well when you were looking for oil or conversely you would actually receive a bonus. The fact of the matter is that that has not been the case. If you drill an oil well that produces 10 barrels a day and a well that produces five barrels of oil and a relative amount of gas you will naturally receive less than half the price that the oil marketer has had in the past because of the lack of a market for our natural gas. The discovery of gas related to cost of discovery has in its very nature been a deterrent to the development of the petroleum industry in western Canada.

The next question would be this. That being the case, does it not mean that you can keep that supply in the ground and use it for some future need in the development of Canada? I think this is really the critical point where perhaps some of us may disagree. I suggest first of all that this house does not have any understanding of what our reserves are. I suggest also that in the orderly development of the reserves of resources in Canada you cannot turn the tap on or turn it off to suit conditions and orderly development must depend on exploration.

Mr. Speaker: It being 8.15 p.m., it is my duty, in accordance with the arrangement reached between all parties, to interrupt these proceedings and put forthwith the question on any amendment before the house.

The house divided on the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Bryce
Bryson
Campbell (The Battlefords)
Castleden
Coldwell
Ellis
Fisher
Herridge
Johnson (Kindersley)
Knowles (Winnipeg North Centre)
Lewry
Macdonald (Vancouver-Kingsway)
McCullough
Martin (Timmins)
Peters
Regier
Schulz
Stewart (Winnipeg North)
Winch
Zaplitny—22.

NAYS

Messrs:

Aitken, Miss
Anderson
Ashbourne
Balcer
Baskin
Batten
Beech
Begin
Bell (Carleton)
Blackmore
Bonnier
Bourget
Bourque
Breton
Broome
Brown (Essex West)
Browne (St. John's West)
Byrne
Campbell (Lambton-Kent)
Cannon
Cardiff
Cardin
Caron
Carter
Cathers
Chabot
Chevrier
Chown
Christian
Coates
Comtois
Courtemanche
Crouse
Deniset
Deslieres
Diefenbaker
Dinsdale
Dumas
Dupuis
English
Eudes
Fairclough, Mrs.
Fairfield
Fleming
Fraser
Fulton
Gardiner
Gauthier (Chicoutimi)
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingras
Gingues
Gour
Green
Grills
Habel
Hahn
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hansell
Harkness
Harrison

Hees	Nowlan
Hodgson	Olson
Holowach	Pallett
Houck	Patterson
Huffman	Pearkes
Irwin	Phillips
Johnston (Bow River)	Pickersgill
Jung	Poulin
Kennedy	Pratt
Kirk	Proudfoot
Knowles (Norfolk)	Quelch
Kucherepa	Ratelle
LaCroix	Raymond
Lafontaine	Rea
Lambert	Ricard
Lavigne	Richard (Ottawa East)
Leboe	Richardson
Legare	Roberge
Lesage	Robichaud
L'Heureux	Robinson
Loiselle	Rouleau
Low	Rowe
MacDonald (Antigonish-Guysborough)	Rynard
Macdonald (Kings)	St. Laurent (Quebec East)
MacEwan	St. Laurent (Temiscouata)
MacInnis	Schneider
MacLean	Simpson
Macnaughton	Sinclair
MacRae	Small
McBain	Smith (Calgary South)
McCleave	Smith (Hastings-Frontenac)
McDonald (Hamilton South)	Smith (Lincoln)
McGee	Smith (Simcoe North)
McGrath	Stanton
McGregor	Starr
McIlraith	Stefura
McIvor	Stick
McLeod	Stinson
McMillan	Stuart (Charlotte)
McPhillips	Taylor
McWilliam	Thomas (Middlesex West)
Maloney	Thompson (Edmonton-Strathcona)
Mandziuk	Thompson (Northumberland)
Marler	Thrasher
Meunier	Tucker
Michaud	Van Horne
Milligan	Villeneuve (Glengarry-Prescott)
Mitchell	Walker
Monette	White
Monteith	Winkler
Montgomery	Wratten
Morris	Yuill—172.
Morton	
Muir (Cape Breton North and Victoria)	
Muir (Lisgar)	
Noble	

IMPROVED HARBOUR WORKS, LOWER MAINLAND, BRITISH COLUMBIA

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, the grievance I have this evening comes more directly under the Department of Public Works and the Department of Transport. The question has to do with the job that was begun by the former Liberal administration some years ago and today remains an eyesore to the people of my constituency. It is a local problem, namely the breakwater at White Rock and a seawall in parts of Boundary Bay and Beach Grove. In order to give the house a complete picture of this problem I think it is necessary that we have the story of the geographical outline. We have the city of White Rock which is just north of the international boundary on the lower mainland of British Columbia. The geographic position of the city of White Rock—

Mr. Knowles (Winnipeg North Centre): Look up.

Mr. Hahn: Yes. I will look at the C.C.F. As I say, the geographic position of the city of White Rock is just north of the international boundary on the lower mainland of British Columbia.

An hon. Member: How are you doing?

Mr. Hahn: I am doing very well. I am getting a lot of enthusiastic help from the socialists over there who think there is only one problem in the country today.

An hon. Member: Get the breakwater in.

Mr. Hahn: I will get it in.

Mr. Knowles (Winnipeg North Centre): You are just feeling good because you had the Tories voting with you.

Mr. Hahn: Yes; I think we have a lot of sense. I think the pipeline case should have gone to the divorce court in the Senate possibly. May I say that this breakwater in White Rock, a city which is just north of the international boundary, has been an eyesore to the community for a number of years. Just prior to the election in 1953 a promise was apparently made by the former member to the effect that a breakwater would be given to them for the purpose of housing small boats and preventing their breakup in the event of high seas. The government kept that promise but the breakwater is of very little use. It is much too small and it is too short. The actual expenditure on the breakwater was something like $150,000.

The suggestion has been made by the department that it is not in the habit of spending money on creating a boat haven or a breakwater for small boats or river craft. In this instance I should like to point out that the city of White Rock itself is a summer resort. It is the best known summer resort on the lower mainland of British Columbia, in fact. There are some 7,000 or 8,000 people resident in the city and on a Sunday it is not at all uncommon to have as many as 30,000 people there. There is a continuous line of traffic from Vancouver, New Westminster and Burnaby into the region. A good number of these people naturally enough own boats. Those boats should be berthed at White Rock which is the natural area in which to spend

summer vacations and Sundays. The fact that the former government recognized the need for and built a breakwater is an important factor. It is not an individual case of such action having been taken.

I understand that similar undertakings were to be carried out at Kelowna, Naramata and Penticton, so the residents of that city saw no reason why in this instance the government should have expended over $150,000 on a project which is proving rather worthless and they asked that they be given a proper boating basin. It might require the extension of the present one, or, on the other hand, it might be wise to build a complete new one. That of course would be the desirable thing because there is another location where a more appropriate boat basin could be constructed.

The boat owners in the area today have to harbour their craft across the international boundary at Blaine. Now the present government has indicated it wishes to have Canadians buy less from the United States. I know that the Minister of Public Works has many times suggested in this house that we are spending too many dollars in that country. This government, by continuing the policies as presented by the former government, is nevertheless forcing the people in my area to go to the United States to store their boats at this point and thereby making them partially resident of that area. They leave their cars in Blaine, they will then buy the materials they require for their boats, naturally enough, in that city and we are in fact doing the very thing to which the government of today is opposed.

It is quite understandable that the merchants of White Rock, the board of trade and other representatives of the area are very disturbed at the continuation of this policy. Other members from the lower mainland of British Columbia, particularly those members for Burnaby-Coquitlam (Mr. Regier) and Burnaby-Richmond (Mr. Irwin), are, I am sure, fully aware of the position in which the merchants in my area of White Rock find themselves today. They do find many and many a Canadian dollar being spent in the United States which they feel would be much better spent in the White Rock region. It angers the citizens of White Rock to find each morning, when looking out to sea, a fine seagull's roost—in fact a $150,000 one—and it is quite understandable that they would take a dim view of any suggestion that this money was well spent unless something is done to assist them or unless the government sees fit to make a better berth out of the present one. The fact is that the former government only three years ago recognized the need of the citizens of that area by replanking the pier and of course they had previously built the present White Rock breakwater.

Now these United States cousins of ours see the value of a breakwater. The Americans are shrewd businessmen. I very often find myself thinking that responsible individuals in this house are prone to criticize people who are in business and who do a good job of it by reason of the fact that they themselves are not capable or are not taking advantage of what we might term good business practices. We blame the Americans for seeing there is a need of good boating facilities in that section of the United States and Canada.

Might I say it has been drawn to my attention just exactly how forward-thinking are these Americans in respect to this matter; they are fully cognizant of the fact that tourists spend dollars and they only require one facility that is for boating purposes. They do not require schools; they do not require sewers, watermains or any of the other public utilities which we require in our municipalities. Therefore every tourist dollar spent on the United States side is just that much money in the pocket of the astute merchants there.

The merchants of Blaine and the government of the United States are fully aware of this situation, as I have already indicated, and I find in the Blaine *Journal* dated February 28, 1957 an article headed "Blaine Boat Haven Expansion to Begin About April 1 by Port". It goes on to say that the United States army engineers would open bids about May 8 for their part of the program and they would extend the existing rock breakwater 1,000 feet southeasterly from the end of the existing breakwater to a point 1,300 feet south of East street. It then goes on to explain about the sharing of these particular costs and just a few weeks later in the April 18 edition of the same publication I find another item entitled "Progress Being Made at Blaine Harbour". One of the important parts of that particular article has this to say:

> The date for opening bids for the federal government's part of the project at an estimated cost of $477,000 has been set for May 8, at 2.00 p.m. by Colonel R. J. B. Page, Seattle district engineer, corps of engineers.
>
> The work consists of 480,000 cubic yards of dredging for a small boat harbour; salvaging and reusing approximately 1,100 cubic yards of rock from the existing breakwater; reinforcement of timber and rock breakwater; and construction of 975 feet new breakwater easterly of the existing rock breakwater.
>
> When contract is awarded, contractor will have 150 calendar days to complete work.

This is a serious problem in the lower mainland of British Columbia; it is a problem

of which the Minister of Public Works (Mr. Green) and the Minister of Transport (Mr. Hees) should be fully aware. It is a problem which I know full well is probably also to some extent the responsibility of the people of the area. However, I would draw to the attention of the minister the following fact: this government has so frequently told us—I have always thought with sincerity, which is probably the case—that we should not spend too many dollars in the United States because every dollar so spent causes that much greater imbalance of trade between our two countries. I say if this government is completely sincere then it will see to it that we have the works in our own area to make it possible for the Canadian boat owners, pleasure craft owners and others to spend their money on the Canadian side. It is not merely that the people of White Rock are asking for something unusual—the former government recognized the need four or five years ago when they began the construction of the present breakwater.

It is a matter of fact, though, that this government is carrying out the same policy as the former administration carried on, and the people in my area feel, and rightly, that there is some insincerity here on the part of the present administration.

On the other side of the bay we have the Beach Grove area which is another area, used as a summer resort, and with all the facilities of such a resort, but requiring a seawall of some kind. Our American cousins, again, have recognized the need by building a sea wall on the Point Roberts side, but it is interesting to note that when you come from the United States at Point Roberts and wander up the beach you can find a line which marks specifically the point at which the Americans have quit work on the seawall. It is a wooden wall, but on the Canadian side we have the remnants of a wall, built some 50 years ago, which is quite useless. The swell of the sea sweeps across the vast sandy beach on to the lawns and into the new homes which have been built in that area. I sincerely ask the minister to have his departmental officials look once again into this question to discover whether it would be possible to do something to stop these homes being broken and to save the lawns and the fine shrubs in that district as well.

In so far as the breakwater is concerned there is in White Rock itself south of the Semiamhoo park a small stream, the Campbell river which lends itself beautifully to use as a boat haven. In fact, not so many years ago a private concern thought of building such a haven. All it requires today is a bit of dredging, some rock in the form of a breakwater and a float. It is not too much to ask that this government should see that something is done along these lines.

Mr. T. J. Irwin (Burnaby-Richmond): Mr. Speaker, on the subject of breakwaters I should like to indicate my interest in what the hon. member for New Westminster (Mr. Hahn) has said. It is true my home is in White Rock but I represent Burnaby-Richmond, and in the Richmond section of my constituency, a breakwater was built some two or three years ago, at Steveston to form a fishing boat basin. When that was done it was said that this breakwater would be continued for at least another 200 feet to afford full protection to the basin. But that was never done, and the basin today is open to the full sea striking from the gulf of Georgia. This means that the boat basin at the present time is not giving the protection to fishing craft that it should, besides which the situation leads to a great deal of overcrowding of boats in that area. This makes it very difficult for the fishermen to move in and out at times. I would impress on the Minister for Public Works (Mr. Green) the necessity for finishing the job that was started some two or three years ago and giving the fishermen of that area a sufficient space in which to moor their boats for weekends and during the winter season.

This matter has now been outstanding for some time; a breakwater was not constructed until a long time after it was thought necessary, and now that it has been built it is essential that it be completed and that it should afford fishermen a reasonable chance to pursue their vocation and enjoy the protection they should have.

A great many fishermen there are not able to go to their homes at weekends and at various times merely because there is not sufficient space in the harbour and I therefore urge on the Minister of Public Works the importance of completing this work.

PENSIONS—REQUEST FOR STATUTORY VESTING OF RIGHTS

Mr. W. H. McMillan (Welland): Mr. Speaker, the other day the house kindly gave consent to have the resolution No. 8 in my name removed from the order paper. I said then that I wanted to bring up at an earlier date the subject of the vesting of pension rights, and if it was on the order paper I might not be able to do so at this time.

I had in mind that most employees do not, in most cases, receive any vesting in their pension rights until they have been in employment with one company for a certain fixed number of years. This generally comes

at retirement age. Most industrial pension plans in force in Canada are either non-contributory or are contributory in part, on the part of the employees.

I realize that in most cases the employee can recover his own contributions on the termination of his service with a company, but this does not in the main apply to the contributions paid into the pension fund on his behalf by his employer until his pension plan has reached maturity. Sometimes there are very definite hardships to be met by the employee in order to qualify to a certain rigid retirement age. Often it is impossible for him to work until that time.

The federal government has a very real stake in these pension funds, in that it foregoes the collection of any income tax on contributions paid into these funds. In recent years the income tax on corporations with net incomes over $20,000 has been in the neighbourhood of 50 per cent. This means that the federal government has an interest of almost 50 per cent in the corporations' contributions, and they have a lesser interest in the employees' contributions. The government would have no control over earlier vesting of pension rights except by disallowing, in whole or in part, the employers' right to deduct their contributions to pension plans under the Income Tax Act, where earlier vesting was not allowed.

I am concerned about those Canadians who by their work have built up an equity for later payment to themselves, and who are unable to meet the number of years of service required, or are unable to work to a certain chronological retiring age. I realize that pension plans were started by companies to provide an incentive for employees to remain in their employment for a number of years, and to reward them for a life time of service. Quite large sums of money are involved in all pension plans that mature.

As an example, a fully paid up pension of $100 a month for an employee at 65 years of age has a capitalized value of about $13,000. If an employee just misses or falls short of qualifying for this pension under a non-contributory plan he misses out on $13,000. If he is in a contributory plan he misses out on $13,000 less the amount that he can recover in respect of his own contributions.

I realize that the terms of many of these plans are definitely set out in contracts between management and labour but in other cases men are hired in a plant and they know simply that there is a pension scheme in force there. They are merely advised that they will have a pension in 20 years and often the unions know nothing about the terms of maturity of these plans.

There are various reasons why a workman might not be able to complete his service up to retirement age and thus qualify for a pension. I can think of various medical reasons why this might be so. First, coronary insufficiency of the heart which is quite common. I have seen many cases where a man with this condition might be able to continue at work for a number of years if he is assigned light work, but if he has to continue in a job that requires sudden expenditures of energy or rushing about it might bring on coronary pain and could even cause death. Unless he can obtain light work in the plant where he is employed such an employee has to give up work and forfeit any pension that has accrued in respect of his services.

I have seen cases of respiratory allergies develop in men working in plants where chemicals are used and where certain gases escape into the air. Often these allergies do not develop until after some years of employment or until new chemicals and gases are utilized in the plant production. Men so affected are often not actually sick but are too miserable while working in such surroundings to continue at work.

The personal element also might be a big factor in deciding whether an employee can continue working. He might have an altercation with his boss, for instance, and the events that ensue from the flare-up of tempers often result in discharge of the employee. Then, again, an employee might be free of asthma in another part of the country. Some of these reasons for termination of employment are beyond anything a workman may do. In other cases, it would be a distinct advantage to an employee to move to another location and follow similar work for personal, family or other reasons. For example, by a change in location he might be better able to give his family a more adequate education.

The government of Canada should, I feel, see to it that pension plans are put to the best possible use for all Canadians generally. Practically all the companies I know are generous with their employees in respect of the difficulties I have enumerated but the smaller companies that have pension plans cannot always be so generous because the jobs available are not sufficiently diversified to provide men who have certain disabilities with light work up to pensionable retiring age. If the government itself could handle these plans or enact some enabling legislation I feel it could accomplish three things. It could provide that in the event of the bankruptcy of a company pension funds would not be considered in the assets of the company. It could also provide that the employee would take

his pension plan with him on changing his employment if he had adequate reason for doing so. Many of these terminations of employment come after the age of 45 and then it is generally too late for a man to secure other insurable employment. As a matter of fact, it is difficult for a man of 40 to find a job under present-day conditions. I think the pension plans themselves militate against a man of that age securing employment. Anything the government might do to remedy this condition would add to the economy of our country.

A third result of government action in this regard could be that some fractional interest in a pension plan might be made to accrue to an employee who is idle because of illness or other reasons after, let us say, 10 years of service and his equity in the plan would build up year by year until maturity.

I may say that I brought this matter up a year ago and many hon. members of this house entered into the discussion on that occasion. At that time the then minister of finance, Mr. Harris, as reported at page 6774 of *Hansard*, said that the government was looking forward to the general revision of the Income Tax Act and that the government would continue to study the pension side of that act particularly having in mind the booklet and the desire on the part of the government of that day to encourage employers and employees to get together on a pension plan for the benefit of both employees and employers.

I believe the department has prepared a new departmental booklet on this subject but I think there is some need for beneficial legislation and that is the reason why I brought this matter to the attention of the house. I hope the Minister of Finance (Mr. Fleming) will give this matter favourable consideration when he considers revisions in the Income Tax Act.

Mr. Speaker: Does any hon. member wish to continue the discussion of the grievance raised by the hon. member for Welland?

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I would like to speak for about a minute and a half on the same subject. I support the hon. member for Welland (Mr. McMillan) as one who has brought this matter up in the house on several occasions because it is a subject which is of considerable interest to my constituents, particularly to those employed by the Consolidated Mining and Smelting Company and by various lumber companies throughout the district, that is the question of establishing vesting rights with respect to pension plans which most employees working for these large corporations do not enjoy at the present time, not even by agreement.

Fortunately, so far as the Consolidated Mining and Smelting Company is concerned its employees are in a somewhat preferred position because they enjoy a measure of vesting rights in their pension plan as a result of an agreement between the union and the company. While they appreciate that and it does give them a measure of stability that they did not enjoy with respect to pension rights prior to this arrangement there is a general feeling that all persons who come under industrial pension plans should enjoy vesting rights as outlined by the hon. member for Welland by law and by regulations flowing from the law.

There was a considerable demand for the previous government to deal with this question. The former minister of national revenue was questioned on a number of occasions and many speeches have been made on the subject but thus far without result. Also so far as I can see we have not had much success to date with the present government, because that famous blue book, the work of the previous minister of national revenue which he withdrew as improper reading for employees working for large corporations, has not been reproduced in any other form. We are expecting a new edition of that book which provides some form of vesting right. However, that is only a step in the direction of improving industrial pension plans in this country. So far as we in this group are concerned we believe that while vesting is a step that has to be taken to improve the present situation we really need some form of national contributory pension plan on a general basis so that from an early earning age until time of retirement people can look forward to a decent income during their retirement years. The difficulties I have mentioned demonstrate the need for a national contributory pension plan. I think that is necessary if we are going to provide the people of Canada, particularly industrial workers in the first instance, with the security, stability and mobility of employment to which they are entitled at this time.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I think there is a great need for the government to take part in an industrial pension scheme. As we know, there are a number of pension plans. Some of them that have been discussed previously are in effect today and they are not serving the need of the people for whom they were implemented. I suggest that some portion of the investment

in such pension plans should be the responsibility of the federal government. In a number of industrial fields, particularly the mining and forest industries, there are a number of people who have no possibility of ever working for one company for the length of time necessary to establish a normal pension. For such people a pension plan should be put into effect on a compulsory, contributory basis whereby the employee and the employer would be compelled to contribute to a fund which would be administered by the federal government in a manner not inconsistent with the method used in dealing with unemployment insurance.

In the mining industry there is a great need for mobility. The needs of the Canadian people for metals vary from time to time and the worth of a particular type of metal changes. We have seen this happen in the case of silver, cobalt, gold, asbestos and iron. In these cases when certain developments take place miners have to leave an area and a particular company. If there is a pension plan in effect they lose all their rights under that plan when they leave.

Many companies in the lumbering and mining industries in my area do not last for 20 years which is considered to be the average length of time required for a pension plan to operate properly. I think it is time that these companies should not be allowed to hide behind the fact that they have a tendency to have a limited life. Companies may move into a bush area and only last for five, six or ten years with the result that a great deal of the pressure that would be brought to bear on them to put a pension plan into effect is eliminated.

In the pulpwood industry particularly we have in the north a great number of people who move from place to place continually. They move not only from one company to another but from one camp to another. They have been trying for some time to establish a satisfactory pension plan. I suggest it is time that the federal government took a look at the situation. We find it more and more difficult to look after our older people. As the cost of living continues to rise there will come a time when we will not be able to provide these people with a proper standard of living following the methods being used now. It seems reasonable to me and I think it seems reasonable to those people who would have to make payments that they should be making contributions over the years they are working towards a pension plan which will go with them, not only from bush camp to another bush camp, from one company to another or from one mine to another but from one industry to another during their working years. Then at the end of 20 years, if they have worked in six or seven different areas or even in different provinces, they will have a pension contribution book provided by the federal government under a plan supported and financed in some degree by the government. They will have this record of the contributions they have made during their lifetime while working in industry and they will be able to retire knowing that they have a vested interest in a pension and that that interest is being looked after by the federal government.

I suggest that the government should take a close look at the situation as it affects industry today. I am sure we will find that there are a great number of people who have been in a particular industry for some time. Automation may change that industry and their contribution would be much greater if they could move to some place where better use would be made of their talents and experience in the interest of the Canadian economy. I suggest that if the government would instigate a transferable industrial pension plan and administer such a plan great benefits would accrue to Canadian workers and also to the Canadian people as a whole.

(Translation):

CANADIAN BROADCASTING CORPORATION—
PROTEST AGAINST PRESENT POLICY

Mr. Guy Rouleau (Dollard): Mr. Speaker, before voicing my grievance to the house this evening, I want to congratulate your honour for the gentlemanly courtesy and ability you have shown in directing the debates in this house.

Having said this, I would like to take the opportunity afforded by the motion to go into committee of supply to express a grievance I am holding since June last, i.e. that we have a Progressive Conservative government in this country. I am sorry to have to voice this criticism, but my conscience would trouble me if I did not tell this house how concerned I am to see this country ruled by a minority government elected under false pretences and inconsiderate promises. Though aware that his party was a minority group in this house, the leader of the Progressive Conservatives, Mr. Diefenbaker did not hesitate to accept the offer of forming a government made to him in June, and so to become the Prime Minister of a minority government.

Having read the various speeches made in the House of Commons during the last parliament, I was very much surprised to see the hon. member for Eglinton (Mr. Fleming) accept the post of Minister of Finance in the Diefenbaker cabinet, after having said what he did say in this house on June 4, 1954. The estimates for the C.B.C. were being dis-

cussed, and, at some point during the debate, the hon. member who was then minister of national revenue (Mr. McCann) said this to the hon. member for Eglinton,—and I am quoting *Hansard* of 1953-54, volume V, page 5520:

> You would want the minority to rule.

And the hon. representative for Eglinton, who is now Minister of Finance replied:

> No, I have never advocated that the minority should rule. That is one reason I have said repeatedly that this government does not have any right to rule in the way it does because it does not represent a majority of the Canadian people. It was elected with 48 per cent of the votes of the Canadian people.

What are we to think of a man like the present Minister of Finance who used those words in 1954, and who today agrees to be part of a minority government which in the last election secured but about 41 per cent of the votes, while the Liberal party got about 45 per cent. And it is this man who is now Minister of Finance and who, in introducing changes in our tax structure, resorts to unusual means, to say the least.

After having heard, during the first two months of this session, the ministers contradict themselves, I am not surprised to see the hon. Minister of Finance contradicting himself before the whole nation in accepting a post in a minority cabinet.

Mr. Deputy Speaker: The hon. member should present a specific complaint. He is now referring to policy in general. He should express a specific complaint.

Mr. Rouleau: Thank you, Mr. Speaker. As a representative of the constituency of Dollard, I have always abided by the rules of the house, and I shall limit my remarks to a specific complaint. I should like to refer particularly to the policy of the C.B.C. Besides, I was about to return to the subject, but I could not help coming back on a matter which is dear to me, since it is of interest to the whole Canadian people.

To come back to the matter I just mentioned, Mr. Speaker, I had the opportunity, in the last parliament to deliver in the house, on January 28, 1955, a speech about the policy of the C.B.C.

I said then:

> During the parliamentary recess I was often asked another question with regard to restrictions imposed by the board of governors of the Canadian Broadcasting Corporation on privately-owned radio and television stations. Most of my fellow citizens whom I have met, not only in Dollard riding but also in Montreal and elsewhere in Canada, are opposed to the fact that this organization which competes directly with private enterprise should be at the same time the organization that controls and grants permits to private stations.
>
> We know that the Canadian Broadcasting Corporation through its radio and television networks renders a great service to our country, but we would prefer that it be treated on an equal footing, or nearly so, with stations belonging to private enterprise. Such a practice would be more consistent with the democratic principles of Liberalism, and furthermore it would comply with the resolutions passed by the advisory council of the national Liberal federation at its meeting held in Ottawa on the 27th and 28th of October, 1952, and also by the federaton of young Liberals of Canada during their bi-annual convention held in May, 1954.

As I was speaking, the Conservatives who at that time were sitting on this side of the house loudly applauded the former president of the young Liberals federation of Canada. I wonder, now that they are sitting on the other side of the house if, having heard the answers given by the Minister of National Revenue (Mr. Nowlan) to the questions I put to him on the C.B.C., they would be as ready to applaud the statements I am making today.

Mr. Speaker, I still am of the opinion the government should establish an agency to control broadcasting in all its forms in Canada, whether public or private. This point of view is by all means consonant with the views expressed on many occasions by the hon. member for Eglinton.

I do not wish to criticize the C.B.C. board of governors which has done an excellent job as far as the government radio service is concerned. But I am opposed to the principle of the thing and I have voiced my opposition on several occasions in this house. I have no use for a crown corporation monopoly on private enterprise. At this time we have C.B.C. television in Montreal, but the metropolis of Canada, a city like Montreal, could also have one or two private stations to compete with the C.B.C. This would provide an opportunity for the development of our own Canadian talent. At this stage Mr. Speaker, and in passing, I would like to point out that certain newspapers of Montreal and of the province of Quebec have claimed that there is discrimination within the C.B.C. The government might establish a commission of inquiry to determine the truth of the criticisms made by the newspapers of the city of Montreal and of the province. If such criticisms are found to be justified, it might then be advisable to remedy the situation and if they are not justified, the people will then know what to think of them and this would be in the greatest interest of the C.B.C.

As I said a while ago, the present Minister of Finance often requested the creation of the agency I just mentioned and I earnestly hope that the government will show its good faith in creating this agency. If it does not, the Liberal party, under whose banner I have

been elected member for Dollard, could very well, following representations made by various Liberal associations, propose the creation of such an agency in the resolutions of its platform to be worked out at the coming January convention. If the national Liberal convention approves such a resolution, I am convinced that, as in the past, the Liberal party will fulfil its promises completely and not only in part as the Progressive Conservative government did in connection with the excise tax on automobiles.

The present Progressive Conservative government does not fulfil its promises. It merely indulges in window dressing and this reminds me of a report which appeared in the Montreal *Gazette* of Tuesday, December 3, 1957, which was signed by Mr. Stewart Alsop and read as follows:

(*Text*):

But there are, essentially, two kinds of politicians. The first kind of politician sees the purpose of politics as getting elected, by promising the voters anything they seem to want, and by using any means at hand to destroy the opposition.

(*Translation*):

That is precisely what we have at the present time, Mr. Speaker. As regards the second type of politicians, I quote again from the same report:

(*Text*):

The second kind of politician sees effective government, responsive to the realities of the domestic and world situation, as the best kind of politics in the long run.

(*Translation*):

Well, Mr. Speaker, it took people 22 years to come to think that the time had come for a change from the Liberal administration. Now the hon. member for Peace River (Mr. Low) said the other day in this house that it was probably a change for the worse. Well, the present government has been in power for only six months, but the people of Canada already feel that it is again time for a change. Well, it will not be long before we do have a change, and I can assure the hon. member for Peace River that this time it will be for the better.

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I did not intend to speak tonight.

Mr. Deputy Speaker: Does the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) wish to speak on the same question, that is on the C.B.C.?

Mr. Ricard: Yes, Mr. Speaker.

The policy of the Canadian Broadcasting Corporation has given rise to numerous requests from our people as well as to complaints of all sorts. I want therefore to deal with this question and to refute some of the arguments of my hon. friend from Dollard (Mr. Rouleau).

In the speech he has just delivered, he said that 45 per cent of the people were behind the Liberal party while the proportion favouring the Conservative party was but 41 per cent. However, a survey, made only a short time ago, shows that the Conservative party could now count upon 50 per cent of the votes, while the Liberal party has the support of 33 per cent only of our people.

Nothing is so remote from the truth in my opinion, as to assert that the Conservative party, which is now in office, is leading the nation to anarchy and disaster.

Mr. Chevrier: To unemployment!

Mr. Ricard: To hard times. As I have said, the Conservative party has been entrusted with the administration of this nation in a difficult situation; and, again in 1957, the same thing happens. We all realize that the nation is more or less distressed by the deeds of the Liberal party which formed the previous administration. The Conservative party has now been requested to administer the affairs of this country because our Liberal friends have failed to take the necessary steps to save our working and agricultural classes.

Within the next few days, the Conservative government will introduce measures which the house will have to pass. They will be up to—

Mr. Deputy Speaker: Order. The hon. member must raise a specific grievance. I cannot allow him to discuss general politics.

Mr. Ricard: Then, Mr. Speaker, I will just say that the grievance brought to the attention of the house by the hon. member for Dollard will be corrected very shortly by the Conservative party, because this party knows how to keep up with the people.

(*Text*):

BASE METALS, BRITISH COLUMBIA—REQUEST FOR PROTECTION OF INDUSTRY

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, while I do not intend to speak on pensions, the matter I have in mind is much more important, namely the spectre of unemployment that is hanging over the base metal industry. While it is not related to pensions directly, it certainly is related in one way, in that if we do not have jobs, we do not have pensions. The matter that I have in mind is, in my opinion, of such urgency that it should be discussed this evening.

The government, in my opinion, is not doing enough to bring before the authorities in the United States the serious situation that will develop in the base metal industry if they are to go forward with their plans; and from reports that I have received from Washington it appears that the United States tariff commission, when it has heard the evidence, is in all probability going to recommend to the president that the proposed tariffs be imposed. I know that there are other important matters to be dealt with such as the bill to provide for guaranteed prices for farm goods. But in my area alone, in Kootenay East and Kootenay West, if this proposed tariff goes on, the market for the farm produce in that area is going to be seriously affected. There is going to be a lay-off of perhaps one third of the employees in the base metal industry. That is a dire possibility and I think that it should be discussed here tonight.

The government should point out to the United States authorities that the lead and zinc industry is of major importance, that zinc production in Canada ranks second only to that of the United States and that in Canada lead production is fourth only to that of the U.S.S.R. Of the imports of lead and zinc to the United States, Canada supplies 25 per cent. The United States authorities do not dispute the fact that they must depend on our base metal industry for their industrial survival. Yet if this tariff is imposed they expect to keep us on a string and to have our mines shut down and be reopened when their necessity arises. The flow of base metals cannot be turned on and off like a tap. They are strategic metals and there must be assurance that there shall be no interruption in their production. This should be pointed out by representatives going to Washington at this time.

It should be pointed out that it is not only the base metal industry in the United States that is suffering under adverse prices at the present time. The prices of base metals are low all over the world and there has been a general reduction in the production throughout the world. The United States producers in many cases are operating uneconomic mines with low grade ores and in many cases inefficient mines. It must be pointed out that the Canadian industry should not be expected to subsidize them. In 1954 President Eisenhower decided to forgo an increase in customs duties and asked instead that the foreign suppliers of United States markets make an effort to reduce their production. Canada co-operated in every respect. I have here a submission by the Canadian Metal Mining Association to the United States tariff commission. At that time, when they appeared before the commission they pointed out:

> (2) Canada's exports of lead to the United States have been cut in half since 1953.
>
> (3) Canada's exports of zinc to the United States have remained reasonably steady and show a very slight increase from 1953 to 1956. The reason for this is two-fold. First, a substantial quantity of Canada's zinc exports to the United States is in the form of concentrates on which certain United States smelters are entirely dependent as the indispensable feed for their operations. Secondly, refined zinc is equally required to fill the demands of the United States market.

As I have pointed out, Canadian producers have curtailed their production. There has been a curtailment in the production of zinc of about 86,000 tons annually and in the production of lead of about 9,950 tons annually, or a 21 per cent reduction in the production of zinc and about a 5 per cent reduction in the production of lead.

What is the picture having regard to the employment question? The present closures have resulted in the layoff of 818 employees. The anticipated closures, should this measure be adopted in the United States, would result in the layoff of another 1,440 employees. I need not say that Kootenay East and Kootenay West, the largest producers of lead and zinc in Canada, would certainly be adversely affected. It has been said by some of the members of the industry in the United States that these imports are coming from countries with a low wage scale and for that reason result in unfair competition in their market. I should like to quote again from the brief presented by the mining industry. They have this to say with regard to wages:

> As regards wage rates we record that our principal Canadian producers pay miners $2.45 (Can.) per hour and smelter workers $2.12 (Can.) per hour. Each of these figures represents average gross earnings from January to June, 1957, excluding all fringe benefits. We understand that an average figure for miners in the lead and zinc industry in the United States is $2.30 (U.S.).

Now of course the Canadian figures include the fringe benefits and bonuses paid to miners. Nevertheless there is conclusive evidence that there is no question of low rates of pay having an unfair advantage over the United States system. Now the United States metal industry have requested the maximum tariff allowable under the president's orders and

have suggested quotas. Such quotas would be discrimination of the rankest nature and would be very difficult to administer. I hope government officials will speak most strongly against any measures which may affect the situation and more particularly against the quota system.

I would like to quote from the submission of the international union of mine, mill and smelter workers to the Canadian government in which they show the rates of tariff being suggested by the United States industry as follows:

> On lead if the United States price is 17 cents a pound or more there would be no tariff. Between 16 cents and 17 cents the tariff would be one cent; between 15 cents and 16 cents it would be two cents; when the prices falls below 15 cents it would be three cents.

Now the present price is below that, so that the maximum today would, in effect, be 3 cents per pound on lead and that is a 20 per cent increase in the tariffs. The quotation continues:

> On zinc, if the price is 14½ cents a pound or more, there would be no tariff. Between 13½ and 14½ cents the tariff would be half a cent; between 12½ cents and 13½ cents it would be one and a quarter cents; when the price falls below 12½ cents it would be two cents. With the price of zinc now at 10 cents a pound—

That was in August. The present rate of tariffs is 7/10ths of a cent so that the barrier existing in the new regulation would be another 20 per cent.

Now there have been various suggestions about remedies. I have some sympathy with the suggestion of the union, because in 1953 I made a similar suggestion in this House of Commons by means of a resolution. It would be a drastic measure but I hope this new government which does seem to feel that it is the champion of diplomacy, will be able to work this thing out without having to resort to such a drastic measure. It is this: Let the United States government be told that if tariffs proposed against lead and zinc are put into effect, Canada will for its part tax and place restriction on exports to the United States of metal, iron ore, asbestos and pulp and paper. I think it should be pointed out that if necessary we may have to take such drastic steps.

I was going on, Mr. Speaker, to speak on the effect this would have on our country and in particular the very grave effect it would have upon our export metal trade balance. However, I shall not take any more of the time of the house. Suffice it to say that it would have a very serious effect on our trade balance and an even more serious effect on the industry itself which might result in a large and spreading unemployment in the base metal industry. I hope the ministers will consider this matter more seriously than they have appeared to do in the past and will make earnest and strong representations. They might take some of the fifty businessmen who are now over in Britain on another tour down to the United States and really go to town in an effort to avoid this tariff and to start to sell some materials in that country.

INCOME TAX—OMISSION OF LOGGERS AND LUMBERJACKS FROM PROPOSED CHANGES

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I have a grievance which has to do with the position of our lumberjacks or woodworkers in relation to the Income Tax Act and expense allowances allowed for living away from home. My reason for raising this grievance at this particular time is that there has been a certain anticipation of amendments and changes in the Income Tax Act which would extend these expense allowances to woodworkers, but we now know, as a result of the statement of the Minister of Finance (Mr. Fleming) and as a result of the draft bill, that the only extension will be that to construction workers.

Now, to appreciate the position in which the lumberjack finds himself and its comparison to the position of the construction worker, one needs to go into the economic setup of the pulp and paper industry of Ontario. This is a problem which of course extends to many parts of Canada but I can speak only for the pulp and paper regions of Ontario. It is worth remarking at this time that the pulp and paper industry is the most important industry, in terms of revenue, in the province of Ontario.

Pulp and paper companies are now operating on what might be called a very long-term scale. They have limits ranging up to 4,000 and 5,000 square miles in area and they are required to operate them under provincial law according to a kind of treble planning; a 5-year, 10-year and even a 50-year plan. Now with that type of planning you get a production and a location of the camps projected far into the future. For example, you can go to the limits of the Kimberley-Clark Corporation up at the Long Lac area and see camps designed to look after the board and room of the men for the next 50 years. In other words the industry has acquired a stability as a result of this long-term operation.

However, we must look at the sociological situation which is ahead of us in the bush

country. We are not going to have what is considered the ideal social situation in that country, which is a genuine community where men and women and children have a chance to work and to lead a community life. Many of the companies, especially the Marathon Corporation and Ontario-Minnesota Paper Company, have made earnest efforts to provide family facilities in their camps but at the present time these efforts cover only a very small portion of the working force and the fact remains that now, and for many years to come, the man who cuts the pulp, which is the basis of our main industry, is going to be separated from his family. The families will live in the cities and towns of the areas and at the moment the scope of the pulp and paper operation is so large that it is inconceivable that men could get home regularly, except for perhaps the odd weekend.

I think of the Port Arthur community where the nearest large pulp and paper camps are anywhere from 40 to 75 miles away.

Now with this situation you can be sure that we are going to have married men working in our camps, enabling many companies to operate, but which companies cannot provide them with the facilities and they cannot provide themselves with the facilities to bring their families to live with them. So they are in the position of having to keep a household going in a city or in a town and also look after their own expenses. I would suggest that they are in an even more awkward position than the construction worker, because construction work by its very nature is much more shifting and there are opportunities for the construction worker to work, at least occasionally, near his home. But this very rarely happens to pulp and paper workers in northern Ontario.

In addition one has to look at the working force in the industry and realize that the backbone of the pulp and paper industry, in terms of national background, are Finnish and French speaking Canadians, both having devotion to bush work which shows itself in the way in which they head for work in these camps where they make the best of employees. And while they are doing this work in the bush they are supporting their families in the towns and cities of the area. Their numbers are fairly large. The largest local of the lumber and sawmill union is in northern Ontario and has over 9,000 members, that is, there are 9,000 bush workers in the camps west and east of Port Arthur. Of that 9,000, the estimate I have been given by the union is that about 1,500 are married men who must keep their families in the towns.

Now the working force engaged in this long-term operation is becoming more and more stable, exceptionally stable in comparison with the position a number of years ago when the pattern was that there would be a winter cut, a spring drive and then a spring booze-up in the town, after which the lumberjacks would be on the streets for a while until things got going again in the fall. That kind of pattern is gradually changing in many ways, attributable to the mechanised revolution which has taken place in the pulp and paper industry. It is no longer feasible to keep a lumberjack on just for a short time and then let him go back to the city while these companies have so much money tied up in high-priced equipment. We can now see the type of situation which is likely to exist in the camps for the next 20 or 30 years at least. We can see that there is going to be a proportion of men in these camps who must keep a family in the cities and we feel, as they feel and as they have informed me through the representatives of their trade unions, that the present section 5 of the Income Tax Act is not fair to them. We see no reason at all why the amendments which are going to be of advantage to the construction workers should not be applied to them.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I am glad to see that the Minister of Finance (Mr. Fleming) is back in the house and I am also glad to find that I have an ally in the new hon. member for Port Arthur (Mr. Fisher) with regard to a matter I have been attempting to bring in in this house for several years. I completely fail to understand why the Minister of Finance, if he is going to introduce an amendment to section 5 of the Income Tax Act, should have seen fit to do it in the rather slaphappy fashion which apparently he has in mind.

This is a matter which I know has received considerable attention in his department over the past year. This was certainly indicated by the previous minister of finance shortly before the end of the last session, and I am very glad to support the representations made by the hon. member for Port Arthur who has outlined the pattern of activity in the pulp and paper industry in northern Ontario. This is very similar to the situation in the logging industry in British Columbia, as it has existed for a good many years, and I hope the Minister of Finance will give very careful consideration before the measure with which he

proposes to proceed has advanced to any further stage to introducing an amendment which will be all-inclusive and non-discriminatory in its application to the working people of Canada. I think that if the minister fails to do that he will have quite a battle on his hands in this house. As far as I am concerned he will then be giving an indication to us that the government of which he is a member is prepared only to take up what it considers to be the odd popular issue here and there without giving any real consideration to amending acts which would apply in a non-discriminatory way to all the working people of this country who are affected by taxation provisions.

An hon. Member: Dix heures.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF AGRICULTURE

Administration service—
1. Departmental administration, including advisory committee on agricultural services, $628,277.

DEPARTMENT OF LABOUR

185. Departmental administration, including grants as detailed in the estimates, $787,053.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

249. Departmental administration, $1,303,859.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Would the leader of the house please tell us the business for tomorrow?

Mr. Green: Tomorrow we will begin with item No. 14 on the day's order paper which is the resolution preceding the introduction of a bill to establish a system of guaranteed prices for agricultural commodities. Then item No. 1, the house in committee on an act to amend the Canadian and British Insurance Companies Act. After this, item No. 12, second reading of Bill No. 231, an act to amend the Excise Tax Act; then item No. 13, second reading of an act to amend the Income Tax Act; and item No. 17, a resolution concerning a measure to authorize loans to the government of New Brunswick.

Mr. Chevrier: I wonder if the leader of the house could give us some indication as to what is likely to happen on the succeeding days, Thursday, Friday and Saturday?

Mr. Green: Mr. Speaker, I am afraid I cannot give that information.

Mr. Knowles (Winnipeg North Centre): Could the minister say whether the resolution regarding the agricultural matter will be continued until it is completed, if it should have to go over until Thursday?

Mr. Green: No, I am afraid I cannot say that. I would hope that the resolution could go through tomorrow, and then the bill would be available for study by hon. members.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

AIRCRAFT LANDING FACILITIES, FORT CHIPEWYAN

Question No. 157—**Mr. Dechene:**

1. Has the government taken steps to provide greatly needed all-weather landing facilities for airplanes, at Fort Chipewyan?
2. Has agreement been entered into with the provincial authorities to secure the best available site, and for the maintenance of a road in fair condition between the said landing strip or field and the townsite of Fort Chipewyan?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1 and 2. Yes. Following negotiations, the provincial government has indicated willingness to provide the necessary land and to be responsible for the maintenance of the airport, and to consider maintaining the access road from the village to the airport. Negotiations with the province are continuing and, if concluded successfully, the federal government would be prepared to assist in the provision of the strip.

NON-PERMANENT REGIMENTS BEARING TITLE "ROYAL"

Question No. 229—**Mr. Hahn:**

1. What is the location and name of each of the Canadian regiments, not being of the permanent force, which bear the title "Royal"?
2. In what year was each regiment given the insignia "Royal"?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. (a) 17th Duke of York's Royal Canadian Hussars (7th reconnaissance regiment), Montreal, P.Q. (b) 6th Duke of Connaught's Royal Canadian Hussars (15th armoured regiment), Montreal, P.Q. (c) The Royal Rifles of Canada, Quebec, P.Q. (d) The Royal Regiment of Canada, Toronto, Ont. (e) The Royal Hamilton Light Infantry (Wentworth regiment), Hamilton, Ont. (f) 1st battalion, the Royal New Brunswick regiment (Carleton and York), Saint John, N.B. (g) 2nd battalion, the Royal New Brunswick regiment (North Shore), Newcastle, N.B. (h) The Royal Winnipeg Rifles, Winnipeg, Man. (i) The Royal Montreal Regiment, Montreal, P.Q. (j) The Royal Newfoundland Regiment, St. John's, Nfld. (k) 3rd battalion, the Black Watch (Royal Highland regiment) of Canada, Montreal, P.Q. (l) 4e bataillon, Royal 22e regiment (Chateauguay), Montreal, P.Q. (m) 6e bataillon, Royal 22e regiment St. Hyacinthe, P.Q.

2. (a) 1 June 1898; (b) 20 June 1890; (c) 3 January 1910; (d) 3 January 1910; (e) 3 January 1910; (f) 18 May 1956; (g) 18 May 1956; (h) 3 June 1935; (i) 1 September 1923; (j) 14 December 1949; (k) 3 January 1910; (l) 1 January 1921; (m) 1 January 1921.

UNEMPLOYMENT REGISTRATION, P.E.I.

Question No. 267—**Mr. Murphy (Westmorland):**

How many persons were registered unemployed in (a) Prince Edward Island; (b) Charlottetown; (c) Summerside; on (i) December 1, 1956; (ii) December 1, 1957?

Answer by: **Hon. Michael Starr (Minister of Labour):**

Offices of the unemployment insurance commission at Charlottetown and Summerside serve the province of Prince Edward Island. Data on the number of persons registered for employment at these offices would represent the total number of persons so registered within the province. Such data are not available for December 1, 1957. However, at November 28, 1957, the number of persons registered for employment at each of these offices was as follows:—

Charlottetown	1,185
Summerside	751

On the corresponding date in 1956, the figures were as follows:

Charlottetown	1,127
Summerside	501

HARBOUR PROJECT, CARRON POINT, N.B.

Question No. 281—**Mr. Robichaud:**

1. Have discussions taken place since November 1, 1957, between representatives of Brunswick Mining and Smelting Corporation and officials of the Department of Public Works in connection with the harbour project at Carron point near Bathurst, Gloucester county, New Brunswick?
2. If so, has any decision been taken to proceed with this project during 1958?

Answer by: **Mr. Hodgson, Parliamentary Assistant, for the Minister of Public Works:**

1. No discussions have taken place since November 1957 between representatives of the Brunswick Mining and Smelting Corporation and officials of the Department of Public Works, although the corporation has been in correspondence with the department since that time. Discussions between the department and the corporation will be held in the near future.

2. No decision has yet been taken to proceed with this project during 1958. A decision on this matter will depend on the discussions referred to in No. 1.

Questions

DREDGE NO. 23

Question No. 283—**Mr. Robichaud:**

1. Have instructions been issued to the captain of D.P.W. dredge No. 23 to proceed to a certain port in New Brunswick for winter lay-up?

2. If so, on what date were such instructions issued and what port was the captain ordered to proceed to?

3. On what date did it arrive at the port in question?

Answer by: **Mr. Hodgson, Parliamentary Assistant, for the Minister of Public Works:**

1. Yes.

2. Instructions were issued on November 18, 1957, to proceed to Chatham, N.B.

3. The dredge arrived at Chatham on November 23, 1957.

APPENDIX

ORDER IN COUNCIL APPOINTING ROYAL COMMISSION ON PRICE SPREADS
P.C. 1957-1632

Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 10th December, 1957.

The committee of the privy council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, advise that:

Dr. Andrew Stewart, Edmonton, Alberta; Mrs. Dorothy Walton, Toronto, Ontario; Mr. Howard MacKichan, Halifax, Nova Scotia; Mr. Romeo Martin, Montreal, Quebec; Dr. W. M. Drummond, Guelph, Ontario; Mr. Cleve Kidd, Toronto, Ontario, and Mr. Bernard Couvrette, Montreal, Quebec, be appointed commissioners under part I of the Inquiries Act, to:

(a) inquire into the extent and the causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor;

(b) determine whether or not such price spreads in general or in particular cases are fair and reasonable, or are excessive, in relation to the services rendered;

(c) make such recommendations as they deem appropriate if any such price spreads are found to be excessive; and

(d) examine the adequacy of price information currently available.

The committee further advise:

1. That the commissioners be authorized to exercise all the powers set out in section 11 of the Inquiries Act;

2. That in the exercise of their powers to employ counsel, experts and assistants under section 11 of the Inquiries Act, the commissioners may authorize remuneration to such persons and reimbursement for their expenses within such limits and on such conditions as the treasury board may determine from time to time;

3. That the commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time;

4. That the commissioners be assisted to the fullest extent by government departments and agencies;

5. That the commissioners report to the governor in council;

6. That Dr. Andrew Stewart be chairman of the commission.

R. B. Bryce,
Clerk of the privy council.

HOUSE OF COMMONS

Wednesday, December 11, 1957

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Eighth report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

BUSINESS OF THE HOUSE

ADJOURNMENT FOR CHRISTMAS AND NEW YEARS

Hon. Howard C. Green (Minister of Public Works) moved:

That when this house adjourns on Saturday, December 21 next, it shall stand adjourned until 11.00 a.m. on Thursday, January 2, 1958.

He said: Mr. Speaker, with the unanimous consent of the house I ask that the last line of this motion be changed to read "until 11.00 a.m. on Friday, January 3, 1958".

Mr. Speaker: Has the hon. member the unanimous consent of the house to make this change in the motion?

Some hon. Members: Agreed.

Motion as amended agreed to.

STARRED QUESTIONS

TRANS-CANADA PIPE LINES—FEDERAL ACTION ON PRICES

Question No. 22—**Mr. Benidickson:**

What steps, beyond the setting up of the Borden royal commission, is the government taking to assure, on an interim basis, that consumers will not be required to pay an inequitable price for natural gas from the Trans-Canada pipe line in areas where gas is already or is soon to be made available?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this is a major matter of concern, and it may be noted that in the powers given to the Borden commission the protection of the consumer as well as the producer is provided for, and that recommendations to the achievement of these ends are requested. The present situation is that any schedules covering costs that may be made applicable by the company will be filed with the board of transport commissioners, and immediate action will be taken in the event that anything of the nature feared by my hon. friend takes place.

I believe there is nothing further I can add at this time, except that I hope for an early recommendation in this connection by the Borden commission. The secretaries have been appointed. Mr. J. F. Parkinson of the Department of Finance and Major LaFrance of the Department of National Defence have been lent to the commission, and they have been working together in gathering the necessary information so that when the first of the sittings begins next week early recommendations in regard to these matters may be made.

POWER—PROVINCIAL REQUESTS FOR FEDERAL ASSISTANCE

Question No. 45—**Mr. Pickersgill:**

1. On what date did the government of New Brunswick first request financial aid for Beechwood from the present government of Canada?
2. What was the form of the request and what was the nature and scale of the assistance requested?
3. On what date did the government of Saskatchewan first request the present government to join with Saskatchewan in the South Saskatchewan project?
4. On what date did the government of British Columbia approach the present government regarding the development of the Columbia river?
5. Has any other provincial government made any request for assistance or co-operation in any power project?
6. If so, which provincial governments and in respect of what projects?

Mr. Speaker: Stand?

Hon. J. W. Pickersgill (Bonavista-Twillingate): I rise on a question of privilege, sir. We are being asked, according to the program announced by the house leader last night, to debate the Beechwood project before starred questions will come up again. I wonder if it would not be possible for the government to give an answer to these questions?

Right Hon. J. G. Diefenbaker (Prime Minister): Well, Mr. Speaker, the debate will take place I hope some day this week. Certainly every bit of information that is available then will be given to the hon. gentleman. He has dealt with three matters here, first the Beechwood matter and then the requests of the provinces of Saskatchewan and British Columbia. If my hon. friend will restrict his question to the first two parts at this time, I will see that an answer is given tomorrow.

Mr. Pickersgill: It seems to me that the questions are very simple. They ask for dates only.

Mr. Speaker: I am doubtful if it is proper to ask for information about a matter pending for debate. I shall look into the matter and see whether or not I am correct in that impression.

Mr. Martin (Essex East): On a point of order, Mr. Speaker, I know Your Honour is approaching your responsibilities with very great care and thoroughness, but upon reflection Your Honour may want to give consideration to that opinion. One of the reasons for asking questions prior to a debate is to enable members to have a clear idea as to the course they should pursue in the debate.

Mr. Fleming: Perhaps I could be of assistance on this point of order. There is on the order paper a resolution looking to the introduction of a bill to authorize the government of Canada to make a loan to the province of New Brunswick to cover the cost of financing the Beechwood project. It is hoped that the resolution will be before the house tomorrow. On that resolution, in keeping with the practice of the house, any information that is required and that is relevant will, of course, be forthcoming. When my friend the hon. member for Essex East (Mr. Martin) speaks about the need of having information before debate, he of course means debate on second reading of the bill to follow.

Mr. Martin (Essex East): No; at any time.

Mr. Fleming: The purpose of having a resolution stage on such a measure is to provide whatever information the house requires in the later stages of the measure, and that information will be forthcoming on the resolution stage.

Mr. Speaker: I am speaking from memory, but it seems to me that there is a precedent for the statement I made that where a matter is pending on the order paper for debate it is not proper to take the time of the house to ask questions. However, I will look into the matter and not commit myself finally this morning.

[*Later:*]

Mr. Speaker: With respect to starred question 45, the Clerk has given me a citation which was the one I probably had in mind in the statement I made. It is citation No. 295 of Beauchesne, third edition, at page 119 and in part it is as follows:

A question oral or written must not—

Then you have a great many subheadings, and subheading (v) reads:

Anticipate an order of the day or other matters. [Mr. Pickersgill.]

So in so far as the question relates to Beechwood, which is an order of the day, I would think the citation is authority for the proposition that it is not in order.

WAR VETERANS ALLOWANCE INCREASES

Question No. 46—**Mr. Thompson (Edmonton-Strathcona):**

1. Has the ceiling on war veterans allowances been increased sufficiently to give married veterans full advantage of the increase in old age security pensions?

2. If not, have steps been taken by the government to avoid reductions in war veterans allowances in such circumstances?

Hon. A. J. Brooks (Minister of Veterans Affairs): The answer to questions Nos. 1 and 2 is as follows. In no case does the income ceiling under the War Veterans' Allowance Act permit payment of the maximum war veterans allowance to a recipient of pension under the Old Age Security Act. The old age security pension is treated as income on the same basis as income from other sources —for instance, superannuation or disability pension. However, the recent amendments of the war veterans allowance income ceilings had the following results. In the case of a single veteran, the ceiling now permits an income of $1,080 a year or $90 per month, and in the case of a married veteran $1,740 a year or $145 per month. This is over and above exempted income or receipts from casual labour.

GROUNDING OF C.G.S. "BAFFIN"

Question No. 47—**Mr. Fisher:**

1. Was there a radar operator on duty aboard the C.G.S. *Baffin* when it grounded on Black rock?

2. If so, did the operator inform the captain that Black rock was ahead?

3. At what times did he inform the captain about the position of Black rock?

4. What time was the grounding?

5. At the time of the grounding, did the captain or the chief hydrographer have supreme control of the ship?

6. If the chief hydrographer was in control, was he given any message from the radar operator re the position of Black rock?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): This question is in six parts. The answers are as follows:

1. No; no one classified as such. Radar watch is maintained by the officer of the watch.

2. Yes; he informed him the rock was 20 degrees on the port bow.

3. Exact time not noted; approximately five minutes before grounding.

4. Exactly 1632 hours; that is 4.32 p.m.

5. The captain always has supreme control of the ship. The senior assistant hydrographer was directing the course of the ship on a sounding line, from the hydrographers' chart room.

6. The hydrographer directing the course was informed regarding the position of Black rock when it was estimated to be one and one-half miles, one mile and one-half mile distant.

As a further explanation I may add this. When the captain reached the bridge shortly before the grounding the officer of the watch informed him of the proximity of Black rock. The course the ship was steering at the time would have passed the rock in safety though it would have been dangerously close. The captain went at once to the chart room from which the course was being directed.

In the meantime instructions were given from the chart room to alter the course to 270 in order to proceed to the next line of sounding. This brought the rock directly ahead and the grounding took place before preventive action could have effect. It should be realized that this occurred during dense fog, and the information regarding the proximity of the rock was secured from the radar screen only.

[*Later:*]

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to address a question to the Minister of Mines and Technical Surveys which in a sense arises out of the answer to starred question No. 47. Was it an oversight that the information given this morning on the grounding of the *Baffin* on Black rock was not included in his answers to questions raised in the house on November 11, as found on page 945 of *Hansard*, in answer to the larger of the two members from Halifax?

Mr. Comtois: Mr. Speaker, I think I gave every detail when my estimates were discussed. Furthermore, when the supplementary estimates are discussed I will table the report we already have in the department, and this was agreed when we were discussing my estimates. I do not think there are many other facts I could bring before the house on that matter. I do not know from what source such questions about the grounding of the *Baffin* come, but I am inclined to believe they come perhaps from some member of the S.A.C.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CAP DE LA MADELEINE AIRPORT

Question No. 152—**Mr. Rochefort:**

1. Is there an airport within the limits of the city of Cap de la Madeleine?
2. If so, who is the owner of the said airport and who operates it?

Inquiries of the Ministry

3. Does the federal government use such airport for public purposes? If so, since when?
4. How much money has the government spent on the improvements of this airport on construction of buildings, hangars, etc.?
5. Have engineers made reports condemning the same? If so, when?
6. What would be the cost of extending this airport so it could be used by commercial aircraft?
7. Is the government contemplating the construction of an airport in a neighbouring municipality and abandoning that of Cap de la Madeleine?
8. Will the city council and public bodies of the county of Champlain and the city of Cap de la Madeleine be invited to be represented at any investigation?

NATIONAL HARBOURS BOARD—PERSONNEL

Question No. 241—**Mr. Kirk:**

1. What was the number of employees of the national harbours board, in the following categories, at the ports of Halifax, Saint John, Chicoutimi, Quebec city, Montreal and Vancouver, on September 1, 1957: (a) clerical and office staff; (b) labourers; (c) cleaners and sweepers; (d) painters; (e) carpenters; (f) other skilled trades?
2. How many employees, in each category, have been laid off at each of these national harbours since September 1, 1957, and up to November 15, 1957?
3. Are any further lay-offs foreseen at any of these ports?

EXTERNAL AFFAIRS

REQUEST FOR COMMENT ON NEW RUSSIAN DISARMAMENT PROPOSAL

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs, of which I have given him notice. In view of his observations last week as to the care which he thinks should be exercised in respect of proposals made by countries for the easing of international tension, and without commenting on the direct merits of his observations, may I ask the Secretary of State for External Affairs what comment he has to make on the reported proposal made by the premier of the Soviet union to the Prime Minister of India, which was also addressed to the President of the United States and the Prime Minister of the United Kingdom? Furthermore, was such a proposal addressed to the government of Canada?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thank the hon. member for the notice which he gave me a few moments ago. I would first state, Mr. Speaker, that the Canadian government has not received any communication in this regard. All we know has been gleaned from press reports.

I did say last week that we should not always dismiss out of hand every Soviet proposal, and a communication as important as that which the press report says has been

sent to Mr. Nehru, Mr. Eisenhower, and Mr. Macmillan deserves careful study by the recipients and others. I can assure the house that the Canadian government will examine any proposal contained in these letters, if we see the official text. We will examine them with earnest care in the hope that they might provide or offer some prospect of advancement in this difficult and dangerous but essential endeavour to reach an agreement on the measures of disarmament.

We hope, as always we will hope, that the Russians will offer the west something of value. I am bound to say, however, that it will have to be something more solid than a renewal of the demand for simple cessation of nuclear tests. I find nothing, Mr. Speaker, in the press reports which would ensure such observance of such an undertaking, and I would point out to the house, moreover, that the banning of tests is only one part of the disarmament proposals endorsed a few months ago by the United Nations.

These proposals did include the banning of tests which would be effective immediately, but, in addition, that resolution proposed the cessation of the production of nuclear material for weapons purposes and the reduction of conventional armaments and other measures, all under a system of inspection and control which would assure all parties that all other parties were complying with their undertakings.

REQUEST FOR COMMENT ON PRESS REPORT RESPECTING MR. DULLES

On the orders of the day:

Mr. A. B. Macdonald (Vancouver-Kingsway): I wish to ask the minister of external affairs a question about a matter of considerable gravity. I wish to inquire if the minister would make a comment on the statement in the Vancouver *Sun* of December 4, 1957, a copy of which I have left with him, that Mr. John Foster Dulles has personally tongue-lashed the Canadian minister to Washington, the British ambassador, the French ambassador and several others.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Since I came into the house the hon. member sent me this clipping from the Vancouver *Sun*. I have not had an opportunity of reading it fully, but I would inform the house that it is a report from Washington, and the part that was underlined by someone here is to this effect:

> In addition to his myopic view of today's world, Mr. Dulles has done more to lose friends and antagonize people than any U.S. secretary of state in recent history.
>
> He has personally tongue-lashed the Canadian minister to Washington, a British ambassador, a French ambassador and several others.

[Mr. Smith (Hastings-Frontenac).]

It is always difficult to assert a negative, and to assert a negative on behalf of someone else is even more difficult. I have been in close touch with our representative in Washington for the past four months. Indeed, on Saturday last in Ottawa we discussed his relationships with Mr. Dulles, and nothing Mr. Robertson said on that occasion or at earlier meetings between the two of us would indicate that his relations with the secretary of state of the United States have been anything but courteous, friendly and indeed cordial. I cannot for a moment give any credence to the validity of this report.

Mr. Macdonald (Vancouver-Kingsway): May I ask a supplementary question. Would the minister inquire into this specific incident so we can ascertain whether or not it is so, because if it is so it is something we could not countenance.

Mr. Smith (Hastings-Frontenac): Mr. Speaker, I am not happy about carrying on an investigation in relation to matters concerning our communications through our representative with the secretary of state for another country and then reporting to the house but, subject to your ruling, I will inform the house if I find there is anything disturbing in it. I would put it that way.

NATO—POSITION OF CANADA AT FORTHCOMING MEETING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Prime Minister or to the Secretary of State for External Affairs. Will Canada at the forthcoming meeting of the NATO council press, and I hope with vigour, the point of view expressed this morning by the Secretary of State for External Affairs with regard to the banning of nuclear tests? In other words, will Canada urge the west to put itself in the lead in the effort to find ways of banning these tests?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I thought I made my statement very clear in that regard. I told the house that the government will look carefully at any proposal made at this time. I draw the attention of my hon. friend to the reservations, if you can call them that, which I made in my statement in answer to the earlier question.

Mr. H. R. Argue (Assiniboia): I have a supplementary question. I wonder whether the Secretary of State for External Affairs can tell the house whether Canada has lodged any proposals with the NATO secretariat for this conference; and is Canada going to take

a position proposing the extension of economic assistance and strengthening of economic ties?

Mr. W. A. Tucker (Rosthern): Before the Prime Minister answers, may I ask a supplementary question; he could deal with them both at the same time. I wish to ask a question of the Secretary of State for External Affairs or the Prime Minister. Has he received a copy of the four basic proposals to the North Atlantic treaty council deposited by the British government with the NATO secretariat? In particular I should like to ask whether, if he has received a copy of these proposals deposited with the NATO secretariat, which are purported to try to get NATO to evolve into more than a military alliance, a strong position will be taken in respect of item 2, which provides for increased economic interdependence in NATO?

Right Hon. J. G. Diefenbaker (Prime Minister): The question asked by the hon. member for Assiniboia and amplified by the hon. member for Rosthern is one that over the years has had the attention of every nation within NATO, namely the realization that it is always very difficult to maintain a defensive organization based on military purposes and aims alone; for whenever there is any diminution in national fears there is an immediate weakening in the bonds that hold such organizations together.

Article 2 incorporated in the NATO declaration is one that has not received in the past that degree of implementation which many of us would like to see achieved. On the several occasions the NATO council have met, my understanding is that there has been a general discussion in this regard, but at no time has there been that degree of unanimity or indeed that degree of certainty as to the meaning of article 2. For that reason there has never been any material advance made in the implementation of the article.

I hope that article 2 will be one of those matters that will receive extraordinary attention on this occasion. As one of the representatives of Canada it will be my purpose to advance the need of a wider and more comprehensive implementation of that article, to the end that while maintaining our defences we shall co-operate in the economic fields that are available, to such an extent as to assure the strongest possible mortar to hold together the forces of freedom.

Mr. Argue: I have a supplementary question. Can the Prime Minister say whether Canada has deposited any documents with the secretariat setting out Canada's proposals?

Mr. Diefenbaker: I should say only in a general way. There has not been that specific application that Britain and the United States have applied to the problem of NATO, for it will be remembered that this meeting of NATO stems directly from the meeting in Washington of the Prime Minister of the United Kingdom with the President of the United States and their declaration of interdependence. It also rises from the realization that recent scientific advances on the part of the U.S.S.R. have called for an intensified examination of NATO and its principles to the end that it may advance to the future stronger than ever before in its purposes and its aims.

Mr. M. J. Coldwell (Rosetown-Biggar): What does the Prime Minister mean when he says they have deposited documents only in a general way? What does that mean exactly? Does it mean that we have deposited no documents which will have any bearing on the proposals that are being made by some other countries?

Mr. Diefenbaker: No. What I say is this. Instead of being specific with regard to some of the matters, such as the four matters referred to in the British presentation, our purpose at the NATO meeting will be to enunciate general objectives—

Mr. Coldwell: Has that been done?

Mr. Diefenbaker: —to the end that we will be able to discharge our responsibilities as a middle power in NATO and bring together those who today have their disagreements, all of which I think are generally known and require no elucidation.

Hon. Paul Martin (Essex East): Mr. Speaker, may I take advantage of the statement by the Prime Minister to ask him a further question, particularly in view of the fact that this may be my last opportunity to do so. I think the house and the country will be very grateful for what the Prime Minister has just said in regard to seeking to give further effect to the implications of article 2 of the North Atlantic Treaty Organization. In view of what the Prime Minister has said, therefore, will he not now state that the general attitude taken by the former secretary of state for external affairs, as one of a committee of three who examined the potentialities of the North Atlantic treaty in terms of article 2, is one that now affords to the right hon. gentleman an opportunity of placing before the NATO council the very constructive attitude which he has now put before this house.

Mr. Diefenbaker: Mr. Speaker, over the years when we occupied the other side of the

house we advanced most strongly our support of the intensification of the use of article 2. We pressed upon the then government the need of action is this regard. When the presentation of the three foreign ministers, to which the hon. member made reference, was made representations were made on behalf of Canada which had the support of members in every part of the country.

Mr. Martin (Essex East): That is right.

Mr. Diefenbaker: In connection with article 2, I think, as one of the Canadian representatives, I will be able to speak with the assurance that every part of this house is in favour of a further extension of the application of that article.

ATOMIC ENERGY

AGREEMENT WITH FEDERAL REPUBLIC OF GERMANY FOR CO-OPERATION IN PEACEFUL USES

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): I wonder, Mr. Speaker, if I may make a statement. I desire to inform the house that there was signed earlier this morning an agreement with the Federal Republic of Germany for co-operation in the peaceful uses of atomic energy. The terms provide that the agreement shall come into force upon an exchange of notes to that effect, an exchange which the government intends to carry out later this month. With the leave of the house I shall cause to be deposited with the Clerk copies of the agreement in English and in French.

I do not intend to go into details of this agreement, but I desire to make some comments on it. The agreement was negotiated during September of this year on the basis of a draft prepared by Canada. That draft has been made available to a number of other governments which have expressed an interest in the possibility of concluding an agreement of this nature with Canada. We hope there will be a number of such agreements concluded before long. In this connection I might add that negotiations have been carried on with the government of Switzerland, and we are hopeful that the outcome will be successful and that an agreement with Switzerland will soon be forthcoming and brought into effect.

The agreement with Germany which has now been signed will provide for co-operation between the two countries on a reciprocal basis. That is to say, it does not envisage a one-way traffic, but rather that each government will assist the other as appropriate and on a basis of equality. The co-operation involved may take a variety of forms, including the exchange of information, the supply of equipment and materials, and access to and use of facilities. In particular, the agreement will permit arrangements to be made for the supply of uranium from Canada to Germany.

In all cases the activities involved must be directed solely to peaceful ends, and there is provision for adequate safeguards to ensure that materials such as uranium, which are essential to an atomic energy program, shall not be diverted to any military use. I emphasize this point, Mr. Speaker, that adequate safeguards to this end are assured. The safeguards provisions, I may add, are modelled closely upon those of the international atomic energy agency of the United Nations.

I desire at this point to say a few words about the relationship between such bilateral agreements and that agency, of which both Canada and the Federal Republic of Germany are members. Canada wholeheartedly supports the newly established international atomic energy agency, which is designed to encourage, to complement and to assist the efforts of governments, individually or in co-operation on a bilateral or multilateral basis, to develop and apply the peaceful uses of atomic energy. It is quite possible that when the agency is fully operative, as it is not now, the supply of such material as uranium from one country to another will frequently be arranged through it.

As I informed you a moment ago, the statute provides also for bilateral agreements. Provision is made in the statute of the international agency for safeguards in the case of bilateral agreements. The present agreement makes no explicit reference to such an arrangement; neither the international atomic energy agency nor any other suitable international body is yet in a position to apply safeguards, but the possibility of transferring the safeguards functions for which provision is made in the agreement to a mutually acceptable international body is one which could be raised by either party at a later date.

With the leave of the house I am depositing a copy of the agreement with the Clerk of the house.

The terms of the agreement provide that it shall come into force upon an exchange of notes to that effect. As I have already informed the house, it is our intention that this exchange should take place this month. We are confident that this agreement and others like it which may be negotiated with other friendly governments will be supported by all members of the house. I think we can

all agree that agreements of this kind, providing as they do for co-operation on a reciprocal basis, will come to play an important role in the development of the peaceful uses of atomic energy with consequent benefit to our friends and ourselves, and that such agreements will provide an additional market for Canadian uranium.

Finally, these intergovernmental agreements will not in themselves constitute contracts for the export of uranium from Canada. Rather they will establish conditions satisfactory to the two governments concerned under which such contracts may be concluded on a commercial basis between the appropriate governmental agencies in each country. The governmental agencies which will be responsible for the detailed operation of this agreement between West Germany and Canada and the negotiation of any contracts arising under it report to parliament through my colleague the Minister of Trade and Commerce. In view of the question addressed to me by the hon. member I am happy to make this statement in relation to the use of nuclear power for peaceful uses.

Hon. Paul Martin (Essex East): Mr. Speaker, will the Secretary of State for External Affairs say whether or not requests have come in from at least three other friendly countries, not referred to in my hon. friend's statement, altogether apart from the possible arrangements made in Switzerland?

Mr. Smith (Hastings-Frontenac): I know of two inquiries, and negotiations are going on. I ask permission of the house not to divulge the names of those countries. I can state, however, that there was hope that such an agreement might be negotiated with France, but they informed us that they were not interested in obtaining Canadian uranium on this basis.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask a supplementary question. Are there any negotiations between Canada and the Euratom group, as a unit, regarding this matter?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, the Euratom group will become fully established for the first time on January 1, 1958.

FINANCE

INQUIRY AS TO ISSUING OF BILINGUAL GOVERNMENT CHEQUES

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, may I direct a question to the Minister of Finance. My question is, have steps been taken by the Department of Finance to have bilingual cheques issued by the department in all parts of Canada?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker.

[*Later:*]

Mr. LaCroix: Mr. Speaker, since the Minister of Finance did not take advantage of the opportunity of answering my first question—

Mr. Fleming: I did answer the question plainly.

Mr. LaCroix: —my supplementary question is—

Mr. Speaker: If the hon. member has another question he may put it. He began by commenting on the answer he received. He did have a reply, and he is not in a position to ask for more.

Mr. LaCroix: It is a supplementary question. Is it not true that the interpretation of the existing statutes has permitted, without passing a new act, the issuing of bilingual cheques by the Department of Finance in the province of Quebec? Are not these statutes the same for the other provinces of Canada?

Mr. Fleming: Mr. Speaker, I commented upon a similar question from the same hon. member two days ago. This question would involve a matter of legal opinion, and any answer I might give on that point would be clearly out of order.

Mr. LaCroix: Why didn't you answer my first question?

Mr. Fleming: I did answer the hon. member's first question. He should not be making statements of that kind, since they are quite untrue.

Mr. Speaker: I have already advised the hon. member to that effect.

TRADE

WHEAT—PROVISION OF CREDIT FOR POLAND AND SPAIN

On the orders of the day:

Mr. W. M. Johnson (Kindersley): Mr. Speaker, I wish to direct a question to the Acting Minister of Trade and Commerce. I am sorry I was not able to give him notice. My question is based on a press dispatch which appeared in this morning's paper entitled, "Wheat Sale Dependent Upon Credit". Can the minister inform the house what steps have been taken by the government to meet the credit requirements of Poland and Spain so the sale of a considerable quantity of wheat, estimated at between seven and ten million bushels, may materialize?

Inquiries of the Ministry

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, it is hoped to sell wheat to various European countries. Hon. members will appreciate that under these conditions it would be inadvisable to give any information about the names of particular countries or the nature of the proposals. I think anyone who is really interested in selling wheat will realize the truth of what I have said.

Mr. Johnson (Kindersley): A supplementary question, Mr. Speaker. I assume the matter is under active consideration by the government, and I think that is the important point.

LEAD AND ZINC—STATEMENT ON U.S. TARIFF COMMISSION HEARINGS

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Kootenay East asked a question with regard to the hearings on lead and zinc before the United States tariff commission. In my reply I referred to strong representations having been made by the government of Canada, and the hon. member then asked a supplementary question as follows:

May I ask the minister whether these governmental negotiations are being carried on at the present time? Are they following the matter up to the very last in order that this drastic action may not be taken?

The answer is that the matter continues to be pursued with the United States authorities with the utmost vigour.

STATEMENT ON REPORTED PURCHASES BY ROUMANIAN AGRICULTURAL DELEGATION

On the orders of the day:

Mr. D. S. Harkness (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Medicine Hat directed a question to the Acting Minister of Trade and Commerce in connection with a Roumanian delegation which was in Canada for several weeks up to about 10 days ago. As reported at page 2127 of *Hansard* he asked specifically these questions:

What Canadian products were purchased, and has the invitation been accepted?

That is the invitation of the Roumanians to return this visit.

If so, what will the mission attempt to buy or sell?

This agricultural delegation from Roumania was headed by the minister of agriculture for Roumania. In view of the fact that the Department of Agriculture arranged their trip in Canada it is perhaps more appropriate that I should reply to the question than that the Acting Minister of Trade and Commerce should do so.

This delegation was here for the purpose of seeing our methods of farming, and particularly to look into the types of the seeds, livestock and machinery which we have in this country and which might be suitable for use in Roumania. They travelled right across the country and formed a very favourable opinion. They were convinced of the fact that we had here in Canada a good many products which they could buy and make use of.

Whilst they were here they purchased a considerable quantity of hybrid seed corn. They had purchased some hybrid seed corn the year before, and had also purchased some from the United States. They found that our hybrid seed corn turned out better in Roumania than did the purchases they made from the United States. As a result, when they were here this year they purchased something like two and one-half times as much seed corn in Canada as they purchased in the United States on this trip.

They also purchased some hogs; in fact, they purchased a plane load of hogs which were immediately flown to Roumania. It is rather interesting in this connection that the ancestors of those particular hogs were secured from Sir Winston Churchill about four years ago. They also purchased some cattle, Herefords and Black Angus; some chickens and some machinery.

These are all in the nature of what you might call sample purchases. If they turn out to be satisfactory, as I am sure they will, the minister of agriculture for Roumania assured me that they would be back to make considerably larger purchases in future years.

As to the invitation which was issued for a similar delegation to go to Roumania, I assured him that we would consider the matter seriously, and I hope something along that line might be arranged.

UNEMPLOYMENT ASSISTANCE

REMOVAL OF THRESHOLD PROVISIONS OF ACT

On the orders of the day:

Mr. D. F. Brown (Essex West): I have a question, Mr. Speaker, and I am not sure whether it should be addressed to the Prime Minister or to the Minister of National Health and Welfare. It has two parts. When is it proposed to introduce legislation to remove the threshold provisions of the Unemployment Assistance Act of 1956? Have any advances been made to encourage the province of Ontario to accept the benefits of the said

act, which will help municipalities in meeting the obligation to pay relief to unemployed persons?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, just as soon as we get on with the disposition of those things which are on the order paper now.

[*Later:*]

Mr. Brown (Essex West): May I ask a question of the Prime Minister which is supplementary to a question I asked him earlier. Would he now care to answer the second part of that question, and tell us whether any advances have been made to the province of Ontario to encourage them to avail themselves of the provisions of the Unemployment Assistance Act, so the municipalities may be assisted in preparing their budgets in taking care of the relief of unemployed persons?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, perhaps I might contribute something in the way of an answer to the hon. member. The Prime Minister announced some days ago that the legislation to remove the so-called threshold from the Unemployment Assistance Act would be introduced at this session and that the legislation would become effective from January 1, 1958. It was discussed at the recent dominion-provincial conference, when a proposal was put forward on behalf of this government and was accepted with approval by all the provinces, including the province of Ontario. Obviously, no advances may be made until parliament authorizes them, unless they conform to the present terms of the act, with the threshold provisions still in effect.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—COVERAGE OF CONSTRUCTION START BY FILM BOARD

On the orders of the day:

Hon. James Sinclair (Coast-Capilano): Mr. Speaker, I should like to direct a question to the Acting Minister of Citizenship and Immigration who is responsible for the national film board, which has done a very fine job in recording for posterity great occasions in our country's history. Would he report to the house on the action taken by the national film board yesterday in recording another historic occasion, the start of construction of the South Saskatchewan dam, which the Prime Minister promised would be under way six months from the election? That six months expired yesterday, December 10.

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, I am not able to answer the question in a form which would be satisfactory to the hon. gentleman, but I can assure him that in accordance with the habit of the government of making good on its pledges the national film board will be able to record the commencement of construction under this government.

Mr. Sinclair: The pledge was for yesterday.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think there is another answer in that connection. It is that type of frivolous question that has used up 32 hours and 37 minutes so far this session.

Mr. Sinclair: Mr. Speaker, on a question of privilege, I want to assert that members on this side do not regard questions on the South Saskatchewan dam as frivolous, nor did we regard the promises of the Prime Minister last spring as frivolous, frivolous though they have turned out to be now.

Mr. Martin (Essex East): I rise on a point of order. As I said a moment ago with regard to another question, I am sure all hon. members have great confidence in the way in which Your Honour has presided over our deliberations. What I am going to say now is in no way a reflection on the Speaker of the house, but I do suggest that the observation just made by the Prime Minister, the kind of observation which he has made repeatedly throughout this session, is wholly out of order. It is not up to any member of the house, including the Prime Minister, to lecture the House of Commons.

Mr. Diefenbaker: Mr. Speaker, I was not lecturing—

Some hon. Members: Oh, oh.

Mr. Robichaud: Respect of parliament.

Mr. Diefenbaker: I was—

Mr. Gauthier (Portneuf): Being natural.

Mr. Diefenbaker: —simply pointing out the fact that day by day, and I have the list here, my hon. friends have been cluttering the record with nonsensical questions facetiously asked for a purpose other than the purposes of parliament.

Some hon. Members: Order.

Mr. Chevrier: It is not up to you to judge them.

Mr. Diefenbaker: I am simply pointing out that fact. My hon. friends ask when we are going to do this and that. An average of almost one hour a day, Mr. Speaker, has been taken on questions that should not have

taken more than 20 minutes if all that my hon. friends were asking for was information.

Mr. Pickersgill: Mr. Speaker—

Mr. Speaker: Does the hon. member for Winnipeg North Centre wish to speak on the point of order?

Mr. Knowles (Winnipeg North Centre): I do, Mr. Speaker. A few moments ago Your Honour made it clear to the house that you are aware of citation 295 which begins on page 119 of Beauchesne's third edition. Amongst other things that citation says that questions, oral or written, must not be trivial, vague or meaningless, must not indulge in ridicule and so on. I say that the comment made by the Prime Minister, with all deference to that right hon. gentleman, is a reflection on Your Honour.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The comment made by the Prime Minister implies that Your Honour has been negligent in your duty so far as questions on the orders of the day are concerned. On the contrary, I state that Your Honour has properly stopped questions that have been out of order. On one or two occasions you have stopped me and I have accepted your ruling. On the other hand Your Honour, in a manner that I think is highly commendable, has recognized that questions on the orders of the day play an important part in the affairs of parliament and of the country, and far from the Prime Minister being permitted to say what he said today I think he should be rebuked by Your Honour for his reflection on your conduct as the presiding officer of this house.

Mr. Pickersgill: Mr. Speaker, I wish also to speak to the point of order.

Mr. Speaker: I think the discussion of the point has proceeded far enough, and I should like to make the brief comment I have to make on it. The question of whether or not any particular intervention during the question period is frivolous should, of course, be raised at the time, and it is not in order now to review or reflect on questions that have been permitted to be asked in the past.

I think it is appropriate at this stage of the day's proceedings to discuss arrangements respecting the business of the house. In that respect I consider that the Prime Minister is entitled to comment on the amount of time that is taken by questions, but not to raise the matter of the propriety of questions that have been asked in the past, only to deal with those that are before the house at the present time.

[Mr. Diefenbaker.]

SOCIAL SECURITY

REPORTED RAISING OF RENTS OF RECIPIENTS OF OLD AGE PENSIONS

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare.

Mr. Speaker: Order. I have recognized the hon. member for Huron.

Mr. Cardiff: May I be permitted to revert to motions?

Some hon. Members: No.

Mr. Speaker: Has the hon. member leave to revert to motions at this time?

Some hon. Members: No.

An hon. Member: After questions.

Mr. Byrne: Has the Minister of National Health and Welfare received reports and letters from senior citizens' associations indicating that landlords are raising the rents of old age security recipients progressively to take full advantage of the two recent increases in the pension? If so, would the minister consider making use of the facilities and personnel of the dominion bureau of statistics labour force survey to investigate this serious accusation and make their findings known to the appropriate provincial authority?

Hon. J. W. Monteith (Minister of National Health and Welfare): I want to thank the hon. member for his courtesy in giving me notice of his intention to ask this question though in somewhat different form. He asked me today if I had received letters from groups of senior citizens. Frankly I do not recall such, although I have seen reports in the press and so on. In reply I would say, with regard to the dominion bureau of statistics labour force survey being used as he suggests, that I am informed this involves too small a sample to be of much value in substantiating the reports mentioned by the hon. member.

In any case, it seems to me that the accuracy of such reports will become increasingly apparent without any special survey being undertaken. I would suggest that the best way of alleviating this situation, if it exists, would be through public reaction against the practice.

TELEVISION

"VIEWPOINT"—USE OF PRESS GALLERY REPORTERS ON PROGRAM

On the orders of the day:

Mr. R. J. McCleave (Halifax): Mr. Speaker, I address this question to the Minister of

National Revenue in a spirit of good, clean, economy-minded fun.

Mr. Pickersgill: And frivolity.

Mr. McCleave: Is he aware that on the C.B.C. television program "Viewpoint" it sometimes happens that one member of the parliamentary press gallery interviews another member of the same press gallery, within the scope of a five-minute broadcast, and that this strange habit is spreading like wildfire, burning the taxpayers' dollars for other C.B.C. programs? Will the minister find out if both the reporter who interviews and the reporter who is interviewed are paid?

Hon. G. C. Nowlan (Minister of National Revenue): The minister has been so busy in his office that he has not had an opportunity to see the program, therefore he is not in a position to comment upon the accuracy of the question. However, he will consider the matter.

CANADIAN BROADCASTING CORPORATION

REPORTED TIGHTER SURVEILLANCE OF PRIVATELY OWNED STATIONS

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. It is based on a Canadian Press dispatch in yesterday's *Gazette* under the headline "C.B.C. Plans Controls Tightening". It reads:

> The publicly owned C.B.C. today gave notice that it plans tighter surveillance of the operations of privately owned radio and television stations in line with recommendations by the Fowler royal commission on broadcasting.

My question is, does the government regard this as a move in the right direction, and would not tighter controls be a denial of the democratic right of freedom of the air and freedom of speech?

Hon. G. C. Nowlan (Minister of National Revenue): The hon. member for Dollard asked me a similar question yesterday and I commented on it then. I do not think I have anything more to add.

REQUEST FOR PARLIAMENTARY COMMITTEE OF INQUIRY

On the orders of the day:

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, I wish to direct a question to the Minister of National Revenue. Since the report of the recent royal commission on broadcasting has been available for government study for some seven months, and because of the widespread public interest in the future status of the C.B.C., would the minister indicate to the house whether it is the intention of the government to set up a parliamentary committee for the purpose of examining the present and proposed activities of the Canadian Broadcasting Corporation?

Hon. G. C. Nowlan (Minister of National Revenue): The answer is no, Mr. Speaker.

SHIPPING

LASQUETI ISLAND, B.C.—STATEMENT ON PROVISION OF EMERGENCY SERVICE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on December 7 the hon. member for Comox-Alberni inquired regarding the possibility of restoring regular steamer service to Lasqueti island, and if the Department of Transport could provide the services of a steamer to take supplies to this island.

Regular service to Lasqueti island has been provided in the past on the basis of assurance of assistance from the provincial government. This service was discontinued when this assistance was not received. The federal government has not paid any subsidy for the service in this area for over seven years.

I am inclined to feel the problem is one of provincial responsibility. It might be met by a small ferry service of the type now undertaken by the province of British Columbia and by other provinces in similar cases.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, may I direct a question to the Minister of Transport relating to the answer he gave earlier to my question with regard to the situation at Lasqueti island.

I would like to ask the minister if he would not agree that the emergency situation existing at Lasqueti island could be met in part if the federal government would exercise its jurisdiction by an amendment to the Transport Act which would bring the coastal shipping companies under the jurisdiction of the board of transport commissioners in order to prevent the sudden cessation of established services which is bringing hardship to whole communities on the British Columbia coast.

Mr. Hees: The case which the hon. member brought to my attention is one that has been looked after by a shipping company on the understanding that it would be given assistance by the provincial government. As I explained this morning, the service was discontinued as of last Wednesday because the promised assistance was not forthcoming. I think the best way to overcome this present difficulty is for the provincial government to make good the promises which I am told it made to the shipping company.

Inquiries of the Ministry

Mr. Barnett: May I then ask a supplementary question. Will the Minister of Transport make representations to that effect to the government of British Columbia in order to see if the emergency situation can be dealt with?

Mr. Hees: Well, Mr. Speaker, I think this is a provincial matter, and I would suggest that the people of Lasqueti island should get in touch with the provincial government, as they are reasonably close by and should make these representations themselves. They are the ones primarily affected.

MIRAMICHI—STATEMENT ON FEES CHARGEABLE BY PORT WARDEN

On the orders of the day:

Hon. George H. Hees (Minister of Transport): I should like to reply to a supplementary question asked yesterday by the hon. member for Northumberland-Miramichi. I would advise that it is intended to submit for the approval of the governor in council a schedule of fees chargeable by the port warden for the Miramichi bay district. The hon. member will recall that he was supplied with a copy of the proposed rates a few weeks ago by my department.

ROYAL CANADIAN AIR FORCE

SUMMERSIDE—REQUEST FOR EARLY START ON HANGAR CONSTRUCTION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I might ask the Minister of National Defence whether it is the intention to make an early start on the proposed hangars at the R.C.A.F. airport at Summerside, Prince Edward Island?

Hon. G. R. Pearkes (Minister of National Defence): That matter is under consideration. We hope that hangars will be available by the time new aircraft arrive at Summerside.

BUSINESS OF THE HOUSE

INQUIRY AS TO STATUS OF BILL L OF SENATE

On the orders of the day:

Hon. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, might I address a question to the Prime Minister. In view of the statement of the leader of the government in the other place this morning that Bill L, an act to amend the Territorial Lands Act, which was introduced in the Senate, is a bill sponsored by a minister of the crown but not by the government, would he assure this house that Bill L is in fact a government sponsored bill?

[Mr. Hees.]

Mr. Fulton: Mr. Speaker, on a point of order, might I point out to Your Honour that my recollection is that the rules make it quite clear that no reference may be made to a statement or discussion in the other place during the course of the same session. Since the hon. gentleman's question is founded on a statement alleged to have been made there, his question is out of order.

Mr. Lesage: Mr. Speaker, I just want to say that the statement was made in the Senate committee on natural resources.

Mr. Speaker: My understanding of the practice is that this house does not refer to or comment upon any proceeding in the other house, although it is in order to read extracts from the debates of the other house. I would think that the question of the hon. member is not in order.

Mr. Lesage: Then might I ask this. Is the bill introduced in the Senate, an act to amend the Territorial Lands Act, a government sponsored bill?

Mr. Speaker: I think that is precisely the same question which the hon. member asked before, and it seems to me that it is not in order to ask that question of the ministry at that stage of a bill, where it is a proceeding of the other house.

NORTHERN AFFAIRS

STATEMENT ON REPORTED FAILURE OF SUPPLIES TO REACH MISSIONARIES

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the hon. member for Montmagny-L'Islet referred on December 3 to a news item in the newspaper *Le Devoir* to the effect that certain missionaries were in distress in the Arctic because their supplies did not reach them this summer. He asked what action the government intended to take.

My answer includes a review of how this operates and then the action we are taking. Supplies for the communities of Igloolik, Repulse Bay and Pelly Bay are normally sent by ship from Churchill; supplies for Pelly Bay are taken overland from Repulse Bay to their destination. Unusual ice conditions in Roes Welcome sound this year prevented the Hudson's Bay Company vessel carrying the supplies from reaching either Repulse Bay or Igloolik; the goods, therefore, were left at Coral Harbour on Southampton island.

The failure of ships to arrive is a not uncommon occurrence, particularly at Igloolik,

which in the past has sometimes been isolated for more than two years. It is, therefore, the custom in such communities to carry reserve stocks to prevent serious distress. There has been no distress either for those living in the community or for the Eskimos trading into them. There are adequate supplies of food and other household requirements.

When the ship failed to arrive, the Hudson's Bay Company arranged for aircraft to fly the supplies from Coral Harbour to Repulse Bay and Igloolik. When they did so they offered to make available space for mission supplies. The material for both the trading store and for the mission at Igloolik has already been delivered. The first load for Repulse Bay will be moved on December 18 and will include 500 pounds of supplies for the mission. The remainder of the store and mission supplies are to go on a second trip in January. As a result of these airlifts, all materials except unusually heavy or unessential goods have been, or shortly will be, delivered.

PIPE LINES

NORTHERN ONTARIO PIPE LINE—SUPERVISION OF CONTRACTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Labour, notice of which has been sent to him. What steps has the minister taken to provide on the spot supervision of the obligations written into the contracts of the Northern Ontario Pipe Line Crown Corporation as given in sessional paper 176(b)?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I thank the hon. member for giving me notice of this question. I can report that this matter has been receiving consideration, and it is the intention of the department to undertake an on the spot inspection of the manner in which the various clauses governing conditions of labour in these contracts are being observed. This will be done in the very near future.

NORTHERN ONTARIO PIPE LINE—PRICE OFFERED SUBCONTRACTORS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I wish to direct a question to the Acting Minister of Trade and Commerce, notice of which has been sent to him. Has the minister received any representations on the price offered subcontractors for clearing work on the right of way of the Northern Ontario Pipe Line Crown Corporation, and if so, what is the subject matter of such representations?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, there must be some misunderstanding. I have received no representations as far as I am aware or any question from the hon. member. I will take the question as notice, therefore, and make inquiries.

BROADCASTING

MONTREAL—SPOT ADVERTISING RATES CHARGED BY LOCAL STATIONS

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): In view of the fact that the minister does not intend to set up a committee, would he now indicate whether he had drawn to the attention of the governors of the C.B.C. the matter of the discrimination in the rates charged as between them and private broadcasters, which I drew to his attention a few days ago; and, if so, what action has the board of governors taken?

Hon. G. C. Nowlan (Minister of National Revenue): Without admitting the validity of the suggestion that there was discrimination, I have drawn the purport of the hon. member's question to the attention of the chairman of the board of the C.B.C. for such action as the board may deem advisable.

Mr. Hahn: Will the minister assure the house that he will direct the officers of the C.B.C. to see to it that the rates charged by the C.B.C. are not less than those charged by private broadcasters?

Mr. Nowlan: I have no authority to direct the C.B.C. to do anything, and I do not propose to so direct.

Mr. Hahn: Will the minister advise the management of the C.B.C. that, if this practice continues, the $37 million we are to vote this year will not be given them?

Mr. Speaker: I think the hon. member has plied his question sufficiently, and has got all the answers he can reasonably expect.

POST OFFICE DEPARTMENT

USE OF ROMAN NUMERALS IN CANCELLATION STAMP

On the orders of the day:

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, yesterday the hon. member for Peterborough—

Mr. Martin (Essex East): Those are bright Liberal colours you are wearing.

Mr. Hamilton (Notre Dame de Grace): I am sorry, Mr. Speaker; this is the hide of one of the Liberals we skinned at the last election.

Agricultural Products—Price Stabilization

Yesterday the hon. member for Peterborough inquired regarding the cancellation stamp which appears on letters, and asked when the department began using Roman numerals to indicate the month of the year in marking cancellation of stamps instead of a written abbreviation for the month.

I wish to inform the hon. member that we have been in the process of doing this since 1948, at which time an announcement was made; and as stamps went out of use the new designation was introduced. I may say that the reason for introducing Roman numerals is that with international mail service many countries would find it difficult to read our letter abbreviations, whereas the Roman numerals are much more generally understood.

AGRICULTURE

MEASURE TO PROVIDE GUARANTEED PRICES FOR CERTAIN COMMODITIES, ETC.

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a system of guaranteed prices for certain agricultural commodities to be named therein and to provide that prices may be guaranteed for any other agricultural commodity or commodities as named from time to time by the governor in council, such measure to include: provisions for the establishment of a board and an advisory committee, the appointment of members thereof and employees and the payment of their salaries and expenses; provisions for the payment of administration costs and expenses; provisions establishing a revolving fund in the consolidated revenue fund and authorizing expenditures therefrom for the purposes of the proposed measure not exceeding in the aggregate two hundred and fifty million dollars in addition to the expenditure of the proceeds of sale of agricultural commodities and other revenues derived thereunder; and such further related and consequential provisions as may be necessary to give effect to the foregoing system.

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

Mr. Harkness: The resolution before us is one on which a bill will be based that is designed to put into effect our stated program of greater stability of income for agriculture. Its objective is to provide for flexible supports on agricultural products, and to guarantee minimum price levels on key products in relation to prices in a previous base period.

This is a far-reaching and important piece of legislation, perhaps the most important, in its implications, in its expected results for agriculture and its effect on the general economy, that has been considered by the Canadian parliament for many years. I believe this legislation will give to our farmers a much greater degree of security than they have ever enjoyed in our history, but I do not maintain that it is a cure-all for all the difficulties under which agriculture has laboured for the past several years. No one piece of legislation can be expected, at one stroke, to transform a complex industry, such as agriculture, from a depressed state to one of full and abounding health.

I do maintain that this is a very important step toward that goal. For many years there has been a demand on the part of agricultural organizations and by individual farmers for some form of parity price system in Canada. Exactly what was meant by parity has never been too clear, because its definition varied from organization to organization and from speaker to speaker who dealt with the matter. However, what was generally in mind was some sort of system such as that in effect in the United States, because our farmers were aware that men across the border in the same lines of production as themselves in many cases were receiving higher prices.

At the same time it was common knowledge amongst all who had studied the matter at all that the United States parity price system had led to difficulties of various kinds. It had resulted in the accumulation of vast surpluses of many agricultural products which had proven embarrassing to the United States agricultural economy and government, and the disposal of which has had serious effects on Canada and other nations. The United States system proved unworkable as far as some products were concerned. It produced anomalies and illogical situations in many cases, and it had constituted a heavy drain on the general taxpayer.

In view of all this, as a first step in attempting to devise a practical and workable agricultural prices stabilization bill for Canada I took a fairly close look at the United States system with a view to determining the defects in that system so we might avoid the difficulties which they have run into.

The first and most important defect, I believe, is the lack of flexibility and from this cause most of their troubles have developed. I have endeavoured in this legislation to provide for the greatest possible degree of flexibility so we will not be saddled with a program which inevitably acts as an incentive to produce burdensome and unsaleable surpluses. In arriving at the legislation now before you we studied several forms of parity formulae. At this point I should like to pay tribute to the officials of the prices support board, of the marketing service and of the economics division of the Department of Agriculture, all of whom put in a great deal of study and work on this matter. They studied five parity formulae in particular and prepared reports

on them for me, together with supporting documents to show what the effect would have been for each had it been in operation during the past ten years.

From all this mass of material it appeared that the most suitable system for Canada would be one of a three-year moving average as a base period. Among the advantages of the moving average formula is the fact that it deals with the immediate price situation. There is no intermediate step involving the calculation and use of an index. It takes into account technological and other changes, in that the base period advances automatically each year and the base price is adjusted gradually to changing conditions. The base price will be calculated in advance and the prescribed price announced, so that producers will have early notice of the level of support for named commodities and can plan their operations accordingly. Price information is readily available.

The formula is simple and readily understood; and I think this is a matter of great importance, because every farmer in the country can understand the formula, know how it applies and in many cases calculate for himself what the base price is likely to be. Each commodity may be considered entirely independently. The relationship of the base price of one commodity to another is left to the determination of market conditions and is not based on the relationship in some previous period when conditions of supply, demand and methods of production may have been quite different.

The basic reason for recommending a three-year moving average as a base is that the shorter the base and the closer it is to the current market situation, the more accurately it reflects market changes. The three-year average does not perpetuate abnormal conditions for as long as an average calculated for a greater number of years, and affords the farmer more immediate relief.

The purposes of the moving average formula method of determining the base price are to assure stability of income to farmers by protecting them against a drastic decline in prices; to provide for gradual adjustment through prices due to changes in consumption habits, losses of export outlets and radical technological advances, and to provide flexibility so that prompt and desirable adjustments may be made as conditions warrant. This legislation provides that a base price for any agricultural commodity—and I would like to stress the word "any"—will be established by calculating the average price for that commodity at representative markets during the three years immediately preceding the year in which the base price is established.

I could perhaps make the matter clearer by citing an example. I would like to emphasize that this example and the figures employed in it bear no direct relationship to actual prices, and this is not to be considered as a prediction or anything of that kind on my part as to what might be done as far as the particular commodity used for the purpose of illustrating the point is concerned; nor is it to be considered as prophesying what might happen in the future with regard to this or any other commodity.

Let us say that the average wholesale price of eggs in 1954 was 45 cents a dozen. In 1955 it was 50 cents a dozen and in 1956 it was 55 cents a dozen. The base price for 1957 then would be the average of these, that is 50 cents a dozen. Then let us say that the average price in 1957 was 60 cents a dozen. The base price for 1958 would be the average of prices for 1955, 1956 and 1957, that is, of 50 cents, 55 cents and 60 cents respectively, which would give a base price for 1958 of 55 cents a dozen. I trust that this brief explanation will have made clear the formula to be employed, the three-year moving average, and will have shown how the base price will be arrived at for any commodity.

However, the formula employed in any system of stabilizing or supporting prices is not what the farmer is primarily interested in; what concerns him, really, are the results, and he wants two of these in particular. First, he wants prices for his products which will cover his cost of production and leave him enough to live on; and second, he desires a sense of security in his price structure, the removal of his long-time fear that prices will fall away to nothing while his crop is growing or his livestock developing to market size.

In this legislation we have attempted to meet these two demands, conditional on not providing a price for any commodity which will serve as a strong incentive to farmers and thus result in large unsaleable surpluses. Guaranteed prices, effective for the next 12 months in most cases, will be set for any agricultural product where the need for such a guaranteed price is shown to exist, except that wheat, oats and barley grown in the wheat board area will not be included.

The reason for this is not to interfere in any way with the operations of the wheat board, which the great majority of farmers in western Canada strongly support. Provision is made that the guaranteed price may be made effective by the board, which the act provides for, through it (a) purchasing the

commodity, (b) paying deficiency payments and (c) making such other payments as the governor in council may direct. The legislation provides for the setting up of an advisory committee, representative of farm organizations, which will advise the minister and the board as to what commodities should be placed under price guarantee and what the level of the guarantee should be.

The procedure envisaged is as follows: As soon as possible after January 1 in each year the board will assemble the statistical information necessary and will determine the base price for each commodity under price guarantee, and for others in respect of which it seems likely that price guarantees will be required.

The advisory committee will meet with the board to make its recommendations, and the two will confer together. The board will then make its recommendations to the government as to what commodities should be under guarantee for the next 12 months and the percentage of the base price at which each should be supported. The final responsibility, of course, must rest with the government, which may accept the board's recommendation, alter it or reject it.

In addition to the flexible guaranteed prices which may be applied to any agricultural commodity and which will be the ones in general use, the legislation provides for that sense of security which farmers have asked for and which we believe they are entitled to by providing assured floor prices for certain key commodities. This is done by writing into the legislation a provision that these commodities must be supported under any circumstances at 80 per cent of the base price. It is not expected that these will be the guaranteed prices in effect. The guaranteed prices will be higher in most cases, but this provision is written into the legislation so the farmer will be absolutely assured that no matter how prices may slide he will at the very least receive 80 per cent of the base price.

An example will show how this will operate. Butter has been supported at 58 cents for some years now, and the prices board selling price has been at about that level. Thus the base price will be around that figure. For ease in figuring, let us say it is 60 cents. The guaranteed price for the next year would be 100 per cent of the base price; or if it was desired to raise this a little, which as it happens has been requested during the last month by the dairy producers, the guaranteed price might be 105 per cent of the base price.

At the same time the assured floor price would be 48 cents, so that even if there should be a catastrophe such as a change of government the farmer would be certain of his minimum of, in this case, 48 cents. So there will be no confusion with regard to the matter I have been talking about I should like to point out that the bill deals with three kinds of prices. There is a base price which is part of a formula arrived at by the use of the three year moving average. There is a guaranteed price which will be in effect for the following 12 months with respect to each of the commodities for which it may be required. Third, there is an assured floor price on certain basic commodities.

To summarize the main features of the legislation, they are: 1. It provides for the stabilization of agricultural prices on a three year moving average formula. 2. Every agricultural commodity, except wheat, oats and barley under the wheat board, is eligible for support. 3. Guaranteed prices will be set as a percentage of the base price in the early months of each year in most cases, and will continue in effect for 12 months after going into effect. The reason I say "in most cases" is that it might happen that in September, August or at some other time a demand would arise for the setting of a guaranteed price for an agricultural commodity which was not under a guaranteed price. In that case the guaranteed price would be set at that time and instead of being for the following 12 months it would be in effect until the next general period for the setting of prices, that is during the first three months of the calendar year. 4. In the case of certain key commodities a price floor of at least 80 per cent of the base price is mandatory under the act. 5. A price stabilization board is provided to carry on the operations of the program. 6. An advisory committee, representative of farm organizations, will be appointed to advise the minister and the board in regard to what commodities require guaranteed prices and the level at which these should be set. 7. A revolving fund of $250 million is available to finance the operations of the scheme.

I have given considerable detail in connection with this legislation, perhaps more than is customary at this stage, but I have done so in order that hon. members may be in no doubt as to what is proposed in the legislation. Further details, I think, should more properly be left for discussion until the bill is in the hands of members and they have had an opportunity to study it. I trust that we may get the resolution through without undue delay and proceed with the further stages of the legislation.

Mr. Argue: May I ask the minister a question before he sits down?

Mr. Gardiner: May I ask a question?

Mr. Argue: I wonder whether I might ask a question.

Mr. Gardiner: I was just going to ask a question. I do not know whether I completely understood one position taken, and the misunderstanding arises in connection with the use of butter as an example. I take it from the general remarks made with regard to the matter that a base price would be established and that there would not be a support price of less than 80 per cent established. Is that correct, or must it be 80 per cent?

Mr. Harkness: No, Mr. Chairman. I am afraid the right hon. gentleman has misunderstood. The base price is, as I said, part of the formula. It it arrived at by applying the three year moving average. Having arrived at that base price it is envisaged under the legislation that a guaranteed price will be set for any commodity for which it is required at whatever level is deemed appropriate and necessary in view of what the circumstances happen to be at the time. The amount set can be 90 per cent of the base price, 80 per cent of the base price or even 120 per cent or more of the base price. The base price is part of the formula, as I say, and it is particularly for the purpose of determining what guaranteed price will be set as a percentage of the base price.

In addition there is a provision which might be called a security provision, which provides that so far as certain key commodities are concerned the assured floor price to be set must not be less than 80 per cent of the base price.

Mr. Gardiner: But it could be less on others except those?

Mr. Harkness: The point I made was that the support price actually in effect for most commodities will be the guaranteed price I have spoken of, and in most cases it will be higher than the assured floor price. The assured floor price must not be less than 80 per cent of the base price. In other words, the legislation attempts to do two things and one of them it attempts to do in two ways. First of all it attempts to provide a means, by the use of a comparatively simple formula, whereby a guaranteed price may be set for any agricultural commodity, and such price would be set in view of all the various conditions existing at the time. Such conditions would include the farmers cost of production, the supply and demand position, the perishability of the commodity and so forth. All these factors have to be taken into consideration in setting the guaranteed price, and I will go into them in more detail at subsequent stages of the legislation. This price is to be set 12 months in advance. It is designed to give the farmers security and stability of income.

Then there is, in addition to that, an absolute guarantee written into the legislation so it cannot be changed by the government or by a change of government or anything else until parliament meets and wants to change it, that the farmer will get at the very minimum this floor price of 80 per cent of the base price.

Mr. Argue: I wonder if I might ask my question now. Can the minister say whether this absolute guaranteed floor is not, in fact, lower than the prevailing price for most agricultural commodities? The second question is, when this legislation comes into effect does the minister believe it will result in an immediate increase in the price of any agricultural product?

Mr. Harkness: These are questions, Mr. Chairman, which I do not think we should take time at this particular stage to discuss. The hon. gentleman is asking me really, to some extent, to make a prediction as to what the situation is going to be some time in the future. However, I will say this, as far as one question he has asked is concerned, whether the assured floor price would not, in many cases, be lower than the present price. That is correct; but I will say that the assured floor price will compare very favourably with the support prices which exist at the present time and have existed in the past. As I said, the purpose of that provision is to give some ultimate security that these assured floor prices are not the guaranteed prices which we expect are ordinarily going to be in use.

Mr. Argue: May I ask a supplementary question. Does the minister not feel that the explanation he has given to date of the legislation he is about to introduce indicates that the government has completely repudiated its campaign pledge to provide the farmers with parity prices?

Mr. Harkness: I believe absolutely nothing of the kind. I think this legislation will do everything we promised we would do so far as our campaign pledges are concerned. I believe the hon. member either does not understand the legislation, or if he does understand it he is deliberately attempting to misrepresent it.

Mr. Quelch: May I ask a supplementary question based on these two other questions. Can the minister say whether there is any anchor contained in the legislation which

will guarantee that the average price for the base period will not get lower and lower and lower?

Mr. Harkness: I think it is quite apparent from what I said, if the hon. gentleman knows anything about the three year moving average, that the base price is going to vary up and down year by year as prices vary up and down.

Mr. Argue: There is no parity.

Mr. Quelch: There is no guarantee.

Mr. Harkness: During the course of my speech I outlined what the advantages are of the three year moving average as against the fixed parity which was in effect in the United States and which got them into considerable difficulty.

Mr. Johnston (Bow River): I should like to ask the minister, merely for information, when the guaranteed price is established for the three year period, will there be any relation whatever between that price and the prices of other things which farmers have to buy? In other words, will there be any relationship between that guaranteed price based on the three year average and what we generally understand as parity prices or the cost of production plus a fair profit?

Mr. Harkness: There will certainly be a relationship. As I have indicated, we will have an advisory committee composed of representatives of the various farm organizations, and the whole purpose of this is to advise as to what commodities should be under price guarantee and the level of that guarantee. As I indicated in my speech, the whole purpose of putting these guarantees into effect is in order to give the producer a reasonable return, and as I indicated also there will be a relationship to the cost of production and various other factors that have to be taken into consideration so far as any particular product is concerned.

Mr. McCullough: It is certainly quite obvious, Mr. Chairman, that there are serious shortcomings in the proposed legislation. I should like to ask this question of the Minister of Agriculture. Does the government propose any method by which the guaranteed prices will be paid to the producer rather than to the trade, as the act presently provides? This seems to be a tremendous omission on the part of the government.

Mr. Harkness: I must immediately deny the preface put by the hon. member, that it is obvious there are severe defects in this legislation. As a matter of fact, Mr. Chairman, if hon. members opposite would spend as much time as I have in studying the very large number of parity price formulae which exist, some of them in actual operation in various countries and others which have been proposed, I think they would realize at once that no matter which of these formulae you adopted as a price stabilization basis in Canada there would be all kinds of people, such as those in that group, who would say you should have used another one; you should have used A instead of B or you should have used C instead of X.

As a matter of fact I shall, at a later date, put a certain amount of evidence on the record to indicate what the experience has been in the United States in regard to these matters. I believe this evidence will indicate quite clearly that they wish they had in that country a system more like this than the one they have.

In so far as the other question is concerned, whether or not payment would be made direct to producers, that depends entirely on the commodity. There are some commodities for which that can be done and some for which it is administratively impossible to do it.

Mr. Johnston (Bow River): What are examples of those two?

Mr. Gardiner: Mr. Chairman, this is a measure for which the house has been waiting with some degree of eagerness since the opening of the session. I want, in the first place, to say to the Minister of Agriculture that from what he has said I am quite sure he has given a great deal of study to the question. In so doing he has arrived at certain conclusions. I am not going to agree with all the conclusions he has arrived at, but I am going to agree that he has put some time into studying these questions.

This is a question about which we on this side of the house should know something, because we studied it for some considerable time before 1944 when we brought the present act into being. We arrived at the same conclusion at that early time, comparatively speaking, at which the minister has arrived with regard to the United States system. The fact that we did arrive at that conclusion was the foundation for the principle involved in the act which has been on the statute books since 1944.

I am only going to say that after having had a full discussion of the matter, the minister has arrived at the same conclusion as we did at an earlier date. We have only the resolution before us at the moment, apart from the remarks that have been made by the minister, but when I read the resolution I was convinced that there was not very much difference in principle between the

resolution which is on the order paper now and the resolution which was placed on the order paper in 1944, and which is of course available to every member of this house.

The resolution of 1944 went on to state that we were going to set up a board; and it went on beyond that to say that we were providing a system under the act which the board would put into operation. Then we went on to say that there would be $200 million of a revolving fund that the board would have at its disposal from year to year with which to operate.

As I understand it, the present resolution reverses the order a little and that is about all. It says that we are going to set up a system and that system is going to be paid for, as to administration, in the same way it was under the old act. Then it says we are going to set up a board to administer it, and then we are going to have an advisory committee. While I do not think the previous act compelled us to have an advisory committee, we always have had one. That committee has been composed of representatives from farm organizations, with the president of one of them always acting as the chairman. It has included representatives appointed by provincial departments of agriculture across Canada and representatives from the farm organizations themselves.

Those members of that committee were all nominated by either the provincial governments or the farm organizations. None of them were nominees of mine. The only provision in our operation of it was that I had to recommend them to council and council was responsible for their appointment. That procedure was followed in all cases. I did not change any nominee. So we have had an advisory committee running from about 16 I think up to 19 or 20 throughout the period in between, and we have discussed with that advisory committee all matters such as those that are going to be referred to the advisory committee now, and many other matters as well.

That is the situation in so far as the resolution makes it clear to us. In the speech which was made by the minister in introducing the resolution he referred to certain matters. He pointed out clearly the parity price proposals which had been followed in the United States and which were always under discussion in this house when dealing with parity, I think down to last year, both by the official opposition of that time and the other opposition parties of that time as something we should adopt here.

But the present Prime Minister made his position very clear at the time he moved a motion in this house a year ago, a motion which was somewhat different from that which he had moved upon two previous occasions, as to what his position was. On May 16, while he was in the election campaign, as reported in the Winnipeg *Free Press*, speaking at Carman, he referred to the C.C.F. 100 per cent parity policy and after reading it said: "What nonsense; the people of Canada would not stand for it". Then he went on to deal with the ideas he had in mind to bring in. As one of the hon. members suggested in asking questions a few moments ago, he made definite undertakings as to what he was going to bring in. I am not going to try to repeat those at the moment. I have them all here, but I do not think it is necessary to read them all to the house. The house knows fairly well what those undertakings were.

It is true that he has carried out some of them. Only yesterday he announced as the usual means for delay that he was appointing a royal commission to investigate the price spread between farm consumers and farm producers. All I am going to say about that at the moment is that it is just a resurrection of one more of the devices employed by the government of Right Hon. R. B. Bennett when he was here years ago. He had the Stevens committee or commission of that time that held meetings all over Canada and then had meetings here in Ottawa at which these very problems were discussed fully.

I am not saying they should not be discussed now. I am only going to point out at this stage that there was a constant review of that situation on the part of the department during all the 22 years I was there as minister; that we had a review every month and every day, from day to day if I undertook to have it reviewed; and I did so whenever questions were raised in the house or otherwise about it. Surveys were made constantly in the different cities and various places across the country, through either the economics branch or the prices branch of the department in order to determine what these positions were.

This government are changing to the extent that they are going to have a commission that is outside the department itself, that has on it representation from certain places, that has on it some persons who can spend their time at that work and arrive at conclusions with regard to the matter. However, I do not see that it is going to be any more helpful than what we have had over the years, namely a constant review of that kind of thing.

Then in speaking on May 14, as reported in the Winnipeg *Tribune*, the Prime Minister said he was going to stand up to the United

States and halt the unjust and unfair dumping of United States surpluses. I have not seen any sign that he is dealing with that matter yet. Nevertheless he has been putting forth some suggestions as to what might be done.

The minister said the difference between this system and what was done in the United States was that these prices were going to be flexible. Unfortunately for the minister and others the United States two years ago, or further back than that, indicated to us that they were paying us the compliment of adopting flexible supports such as those we have had in Canada.

Mr. Knowles (Winnipeg North Centre): One o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Gardiner: Mr. Chairman, just before lunch I had mentioned that in introducing the resolution the minister had referred to flexible supports, and I had suggested that the flexible support idea was first brought into being on this continent in 1944 by the Agricultural Prices Support Act which is now on the statute books. It does not set any definite formula, nor does it set any definite price, but it left to the board and to the government, the two of them working together, to establish a floor price which would be suitable to the conditions existing in the country at that time, as a matter of fact very much along the line of what the Prime Minister advocated when he was speaking throughout the country during the election campaign. At Brantford on May 9 he said:

> 2. Take action to improve the condition of agriculture so that the farm people may successfully re-establish their rightful position in our economy.
> 3. Maintain a flexible support program to ensure an adequate parity for agricultural products based on a fair price cost relationship.
> 4. Place a formula in the farm Agricultural Prices Support Act for arriving at support prices. It would allow for variation in production and demand for individual products.

Well, on that last point—a flexible price allowing for variation in production and demand for individual products—that is all provided for by the act as it is. The main provisions of the present act make it possible for such matters to be considered from month to month and from year to year as we go along. Furthermore, that of course is the meaning of the term flexible. We had all that in the agricultural support act of 1944, so there is nothing new in that regard being placed in the bill this resolution suggests. But I would say that the means by which it is to be arrived at in the present bill does not permit of very much flexibility to be exercised either by the board or the individuals who administer it. To that extent I think it will not be as serviceable as the legislation we already have.

There is one other thing to which reference has been made and which I think we should also consider. When one reads all the election promises made during the campaign one must agree it was, without doubt, anticipated that this act was going to have a much wider application so far as commodities were concerned. In the old act, however, it does provide that all farm commodities except wheat can be brought under the act, and many of them were from time to time, but this one provides that wheat, barley and oats cannot come under the act.

Mr. Harkness: No, it does not.

Mr. Gardiner: Well, that is what my hon. friend said this morning.

Mr. Harkness: Mr. Chairman, as a matter of clarification, wheat, barley and oats are definitely under the act except for those crops which are grown in the wheat board area and handled by the wheat board.

Mr. Argue: Well, that is almost all of it.

Mr. Gardiner: That is most of it; that grown off the prairies is sold from farmer to farmer or fed on the farm.

These are matters, of course, which will be of interest to members and will be discussed further after we have seen the bill, but I think it is necessary at this time to place on the record the position in connection with agriculture as it now stands. In placing the situation on the record I do not say it is as good as it ought to be or that it could not be improved upon; I am merely pointing out the situation, because there is no doubt in the minds of those who listened to political speeches during the campaign that those who were in opposition to the government of the time did have very definite ideas that they could improve the existing situation.

This, then, is the position as compared with what it was when we came into office. In 1935 the full value of all farm products—

Mr. Rea: Could we have the source of the right hon. gentleman's information?

Mr. Gardiner: The statistics branch of the Department of Trade and Commerce. Sales of all farm products brought in a cash total of $536 million in 1935; the sale of all farm products in 1956 brought in $2,656,000,000. The cash value of exports of farm products

in the year 1936, in round figures, was $200 million and in 1956 was $1,346 million.

Then turning to the capital value of the farmer's land, his building his equipment and livestock—because of course the cash he took in went into the improvement of his capital investment in land equipment and livestock of one kind or another—the farm buildings were valued in 1936 at $3¼ billion while in 1955 the valuation was $6.8 billion, or just over double. With respect to farm implements the value in 1936 was $475 million and in 1955 it was $1,800,000,000.

An hon. Member: What about inflation?

Mr. Gardiner: The total value of livestock on farms in 1936 was $594 million and in 1955 it was $1½ billion. The total in 1936 for the capital value of farms, equipment and livestock together was $4.7 billion and in 1955, after 22 years of Liberal rule, $10.1 billion, or again roughly double.

One might also call attention to the fact that back in 1936 the farmers purchased 5,000 tractors and in 1955 they purchased 38,000 tractors. Through sales of farm products farmers had been put into the position where they could buy equipment at greater cost. The prices of farm implements in general had doubled between 1935 and 1955. They, however, bought four times as many of them at a price which cost the farmers eight times as much money in 1955 as in 1935.

We come next to the debt on farms, which is a very important subject. In 1936, just after I came into the government of Canada from the province of Saskatchewan the debt on farms in Saskatchewan was over $600 million and in 1955, when I asked for the record for all Canada, the figure was $580 million. In other words the debt on farms in Saskatchewan alone at the beginning of the 22 years was considerably more than the debt on all the farms in Canada at the time we went out of office.

These are valuations which were created by what farmers did while we were in office, among which of course was the bringing in of this legislation having to do with price supports. To go one step further, the average value of farm land right across Canada in 1935 was $24 and in 1954 it was $50 per acre; again double. Therefore I am desirous of putting all these facts on the record in order that a little later on we will be able to take a look at them.

It is claimed that this piece of legislation is going to improve the position of the farmer. It is claimed that after we have this legislation in effect for a few years, maybe for a few months, the farmer is going to be better off. As I listened to the minister this morning and heard what he had in mind in connection with the setting of support prices, I was compelled to reach the conclusion that even in a very short period the farmer would not be so well off as he was before June 10 last, and when the time comes we will be able to use the figures I am placing on record now in order to support what I am maintaining at the present time.

I should like to quote one further figure. The farmers bought in 1936 some $19,300,000 worth of farm implements including tractors, and in 1955 they bought $155 million worth, or about eight times as much; they spent eight times as much on it.

Mr. Browne (St. John's West): Ah, with that observation the right hon. gentleman makes it plainer; they spent that much on it. But they were different dollars.

Mr. Gardiner: Yes, they were different dollars, but they had to pay $155 million for four times as many items which cost them eight times as much, and that is just about double. Yet in spite of all this expenditure the debt carried on farm equipment and plant today is only a fraction of what it was 22 years ago.

As I said earlier this session, and as can be borne out by statistics, the previous government did many things to improve the position of farmers. We did not depend solely on this piece of legislation, though it was important. We tried other things, and one of them was to bring down at the very beginning of the first period of difficulty, at the end of the war, legislation which made it possible for farmers to borrow money to enable them to improve their capital position in connection with land, buildings, implements and everything else. And they did borrow $653 million with which to do that. If the farmers still owed that $653 million today, one could argue that none of the other measures taken had been effective. But I am told the record shows that 99.95 per cent of the debt has been paid back; in other words, scarcely any of this debt is charged against the farmers at the present time.

This is the experience the farmer has been going through, and it stands to reason that after he has spent so much money on changing over from horse-drawn equipment to mechanized equipment, he has not very much cash left with which to do other things, and that he has been experiencing great difficulty. But in spite of that the legislation we placed on the statute books has made it possible for him to improve his position, as the statistics I have quoted will bear me out and in paying for much of it.

There is another matter to which I think attention should be called. The minister said he did not expect that this legislation would cure all the farmers' troubles, but there has been a lot said out in the country which would indicate they did expect just that. Nevertheless, the late administration did not place reliance only on price support. We placed many pieces of legislation on the statute books in the past 22 years. The Agricultural Prices Support Act was one, and it dealt with a whole range of farm products, as the official records indicate. Then there was the Agricultural Products Board Act and the Agricultural Products Co-operative Marketing Act. Some 130 organizations were set up across Canada which received support under the provisions of this measure. Then there was the Farm Improvement Loans Act and all the activities in connection with P.F.R.A. and P.F.A.A. and freight assistance which have been carried on in order to improve the farmers' position. And this list does not exhaust the measures which were enacted to this end.

Now, after having listened to what the minister had to say rather than judging from what is contained in the resolution itself, I have come to the conclusion that unless this bill is materially changed before it comes before this house it is not going to assist the farmer but, instead, is going to put him into greater difficulties.

I can tell the Minister of Agriculture that at this time we are not prepared to say whether or not we are going to support the bill when we see it. As far as I and other hon. members of this group are concerned, we are going to see the bill, and the only way to see it is to pass this resolution and make it possible for us to have a look at it. We are going to do that at least, but in so far as the minister has outlined the bill to us and indicated what it proposes to do, I would not anticipate that the farmers are going to obtain anything which would improve their position. There is the possibility that they may even lose if anything is taken away from them to which they were entitled under previous legislation.

If the government is going to say, "Instead of doing this, you may do something else", I may have to withdraw something of what I am saying, but in so far as the terms of the resolution and what the minister said this morning are concerned, I am inclined to think this legislation is going to be of no considerable help to the farmers of Canada.

We will go on with the discussion of the resolution and we hope that in due course, the sooner the better, we will have the bill in our hands, and at that point we will be able to discuss the matter in detail. So far as we are concerned, unless there are matters which require an answer and which are brought up in other parts of the house, we are inclined to get this legislation before us as soon as possible so that we may discuss the details and indicate our position on the bill itself.

Mr. Bryson: Mr. Chairman, I think on all other occasions when the government introduced a resolution on agriculture, and subsequently a bill, it has always been received throughout the country with a tremendous amount of interest, and certainly this resolution which has been on the order paper since October 25 is no exception. As a matter of fact I doubt whether ever in the history of the industry we have seen such a degree of expectancy on the part of farmers or as much concern with regard to the government's explanation of a resolution.

Certainly that is the only conclusion I can reach based on the large number of letters I have received from my constituents and others, and from conversations I have had with representatives of farm organizations who have been visiting here in Ottawa since the beginning of the session. It is understandable, Mr. Chairman, why there should be this degree of expectancy. It is born of despair and desperation; despair because in the past whenever farm delegations presented petitions to the former government their pleas were always shrugged off, and desperation because the plight of agriculture in this country is such that today there can be no thought of further failure.

Ever since the end of the war, and in particular in the last two or three years, in spite of the fact that when visiting Ottawa farm delegations have used the government's own figures to illustrate the plight in which agriculture now finds itself, the government has turned a deaf ear to their representations and pleas.

The three men most responsible in the past paid little or no attention to those pleas. The former minister of finance merely shrugged his shoulders and said, "The farmers never had it so good". The former minister of trade and commerce was of course always anxious to give us the benefit of his wide business experience. He told the farm delegations that if the farmers could not make a go of it on the farm they had better quit and move to town, but he neglected to say what they should do when they moved to town. The former minister of agriculture merely sat and said nothing.

The latter hon. gentleman, of course, had a plan. He knew there was going to be an election shortly and he realized that something

had to be done. He had been diligently working out a plan that he hoped if carried out properly would re-elect a great many western Liberal members to this house. As the election drew closer he would revise his plan. The plight of the farmer gave him great pangs of remorse. Just before the election, after having jealously guarded this plan and nursed it very carefully, he launched his secret weapon. He put a floor price under old hens over five pounds.

That launching, like another launching of recent date, was also a failure; it fizzled out. I can imagine that the minister must have felt pretty sheepish when he returned to Ottawa following the election, because after all he had hit rock bottom.

Of course this is all past history now, and the agricultural producer is looking forward to this new government doing something for him. Certainly he has every reason to be optimistic that this government is going to do something on his behalf in view of what I propose to read from an official publication of the Conservative party, written over the signature of the Prime Minister, which definitely indicates that he understands the problem.

As a matter of fact western Canadian producers do not expect to receive preferential treatment from this government, but they do realize that the three men now most responsible in this connection come from western Canada, and certainly there can be no excuse for their not knowing the problems which confront western agriculturists. I refer, of course, to the Prime Minister, the Minister of Trade and Commerce and the Minister of Agriculture. This is what the Prime Minister said in his booklet with regard to the problem facing the agricultural producer:

> The farmer is being squeezed between rising costs of production and falling farm prices. His markets have been lost or diminished because of the ineffective trade policies of the federal government, while, year after year, farm organizations have approached the government with briefs in which the plight of agriculture is set out in detail.
>
> In general, the government has failed to act and has quoted statistics. The farmer's share of the national income has gone down in the last eight years by some 6 per cent and the costs of goods and services that the farmer has to buy have increased by 20 per cent. Furthermore, there has been a continuing reduction in the farmer's share of the consumer dollar, from 59.3 cents of the dollar to approximately 50 cents today.

On the basis of what I have read the farmer realizes that the Prime Minister is well acquainted with current existing conditions in the industry, and he is very optimistic that the government is going to do something in this regard. Further to that I would like to read the government's pledge. In this same regard the Prime Minister said to the farmers across the country:

> My pledge to farmers in all parts of Canada is:—To assure that the farmer shall receive his fair share of the national income. My objectives will be:—Equality for farmers in Canada's economy. My desire is to correct the social inequity and the inferior economic position into which agriculture has been allowed to fall.

No wonder the farmer has been highly optimistic about the treatment he can expect to receive at the hands of this government; yet after examining this resolution and being both as optimistic and charitable as I can, the very best thing I can say about it is that it falls far short of the producer's expectations in regard to the fair deal he was promised prior to June 10. As far as I can see this resolution represents merely an extension of the present Agricultural Prices Support Act, and I doubt if it is even that good. Even if it were as good, I would point out that that act has been on the statute books since 1944 and has done very little in terms of stabilizing agricultural prices with the possible exception of the price of butter. Furthermore, I would remind hon. members that this act has been roundly condemned on every occasion by those who now form the government.

This morning we listened to the minister make a partial explanation of the resolution. Being as kind as possible to the minister, the best I can say for the explanation he gave is that it is the biggest load of garbage that has ever been dumped on the farmer's doorstep.

Mr. Knowles (Winnipeg North Centre): That is saying a lot.

Mr. Bryson: Yes. Now, what does the minister hope this proposed legislation is going to do for the farmer? He hopes for a number of things. First of all he hopes it will give some price stability. His second hope is that it will not be an incentive for the farmer to produce agricultural products. His third hope is that it will protect the farmer against drastic declines in prices. He also indicated that when the need is demonstrated possibly other agricultural products will be taken into account in the legislation. The minister was dead sure of one thing; that under this proposed legislation the farmer will continue to starve, but the minister hopes with a little more dignity than he did under the former administration's legislation.

With all sincerity I say that time is running out on this government. If the bill that follows this resolution does not do more than was mentioned in the explanation given by the minister prior to the luncheon adjournment; if it does not attempt to grapple with the basic problems of Canadian agriculture, then

the farmer can only conclude that all the promises made by the Conservatives prior to the election were indeed hollow and of little or no value.

What does the resolution propose? We are told it is going to accomplish a number of things but I say it must meet the following four tests. What products are going to be supported? Are these products going to be based on a fair cost-price relationship? Who is going to be supported? Certainly there was nothing in the explanation offered by the minister that would indicate whether the processor or the actual producer is going to be supported. Are these prices forward prices? These prices should be forward prices and certainly the minister gave no explanation as to whether we were going to have a truly forward pricing formula in the proposed legislation. No agricultural legislation can be comprehensive or of value unless it contains satisfactory answers to the four questions I posed.

If we can answer these questions in the affirmative, then surely we are at least halfway to establishing a comprehensive agricultural policy for Canada. Certainly we have to dispose of our wheat surplus and so on, but I maintain that if we have a basic policy such as I have outlined in the four questions I have posed, then we have gone a long way in building an agricultural policy in this country. We have a sort of blind spot with regard to the plight of agriculture relative to the sale of wheat. It is not a question altogether of getting rid of our wheat. If the farmers got rid of all of their wheat at present prices they would still find themselves in a disastrous position. At the wheat pool convention held recently in Regina Mr. J. H. Wesson made this statement:

> The farm problem has not arisen primarily from the fact that wheat is not being sold. In the period 1951-56 we sold 168 million bushels more annually than in the previous six year period, but in that period wheat prices dropped 40 cents per bushel or 21 per cent while farm costs rose by 46 per cent.

At the same meeting Mr. George McIvor had this to say:

> Last year alone, because of wider spreads in grade and currency exchange, wheat to the producer dropped 20 cents per bushel.

So it is not just a question of marketing our surplus wheat but a question of price, and that is the important factor. I am not going to attempt to put all the figures on the record, but from 1952 to 1956 farm net income all across Canada fell by 15 per cent. In Alberta it was down 27 per cent and in my own province 31 per cent. Farm prices in Saskatchewan have dropped 28 per cent while farm costs have risen over 49 per cent.

[Mr. Bryson.]

Last year average farm income in Saskatchewan per individual amounted to around $445. This year it is estimated that it will be almost cut in half and will be somewhere around $225.

That is not brought about by inefficiency but by low prices. We had certainly hoped that in the bill to be based on this resolution that factor would be taken into consideration. The last dominion bureau of statistics figures available show that since 1945 farm machinery has gone up over 94 per cent, other materials over 72 per cent, taxes and interest charges 55 per cent and freight rates 90 per cent. That is why we say we should have a parity price, a price that bears a fair relationship to the costs of production on the one hand and the prices received by agricultural producers on the other.

We also have not been told who is going to be supported under the legislation. Is it going to be the producer or is it going to be the processor? Surely the legislation will provide something better than the present Agricultural Prices Support Act. We know what happened in the case of hogs. When the price of hogs reached the floor the floor was lowered, and so we are looking for something better in this legislation.

I should like to ask the government this question. Has any consideration been given to a two-price system? There again I think many of the farmers' problems could be solved if we were to recognize the importance of introducing a two-price system. I have here a list of products, and out of 14 items there are nine in which we have no surplus whatsoever and two or three others have what is referred to as a manageable surplus. Here is a field in which the government could take action and would have jurisdiction to carry out its program. It would not penalize the consumer.

We should have parity prices for all agricultural products consumed in this country, and it is conceivable that by so doing it would not cost the treasury of the country one nickel. Certainly it would not penalize the consumer, because over the years many farm organizations have produced figures to show that a parity price for wheat, for instance, would simply mean that the increase in the price of a loaf of bread because of the wheat content would only represent 1 cent. I agree that the government would have to take action on the manufacturing level as well as on the producer level under such a program.

We also heard nothing this morning about deficiency payments. I am all in favour of deficiency payments. I realize that in the export field the government has little or no jurisdiction over the prices it receives for

the things that are exported, but I maintain that even in the case of exports the producer should be paid a parity price, and the difference between that price and what the government is able to realize on the export market should be made up to the farmer in the form of a deficiency payment.

When we get the bill we will naturally be able to discuss more fully and intelligently the matters we find in it. With the very brief explanation the minister made this morning and the generalities of the resolution it is rather difficult to deal in detail with the matter. Finally, I simply say that the farmers are going to be keenly disappointed and they are in for a rude awakening if they thought the legislation presented this morning was going to do even a few of the things the government promised it would do prior to June 10.

Mr. Quelch: Mr. Chairman, at the outset of my remarks I should like to say I was greatly disappointed with the resolution as explained to us by the minister this morning. I look upon the main essential of a support price program as the assuring to farmers of the maintenance of a fair relationship between the prices of farm products and the prices of other commodities. The present proposal appears to ignore that relationship entirely.

What does the legislation actually do? It merely guarantees that the average of the depressed prices of the past three years shall not deteriorate by more than 20 per cent in any one year. That is all it guarantees. It is true the minister stated that the government may decide to set a support price of 105 per cent or 120 per cent of the base price, but there is no guarantee that this will be done. In other words, farmers will have to depend upon the whims of the government in order to get a fair price. Under legislation of that kind you might expect there would be good prices in the year before an election and that the prices would be very poor right after the election. That would be the danger.

What we need is something in the legislation to assure farmers that they will be receiving fair support prices at all times. As to the number of products that will be covered if the legislation remains as it is, I do not think it will make very much difference; but on the other hand I believe the legislation should specify the products that will come under it. I suggest to the minister that the very best thing he could do would be to send a copy of a draft bill to the agriculture committee, call representatives of the farm organizations, let the committee work on a bill, send it back to the house and then introduce it. I do not think he should ask members of the house to give second reading to a bill of this kind merely for the purpose of getting it to the committee. I do not believe he has stated yet that the bill is to be sent to the committee, but I think the government is going to run into very serious criticism from farm organizations if the bill is not submitted to the agriculture committee for their consideration and the calling of witnesses from the various farm organizations.

As I say, all this bill does is guarantee that the average of the prices for the past three years shall not deteriorate by more than 20 per cent in any one year. If the past three years or five years had been good years that might not be too bad a provision; but when you consider that agriculture is a depressed industry—and members on all sides of the house have stressed that fact for a number of years—then to suggest that you are giving farmers adequate protection by assuring them you will not allow this situation to deteriorate by more than another 20 per cent is certainly not even beginning to meet the requirements of the situation.

When you consider that over the past 10 years farmers' costs have risen by 46 per cent while their prices have deteriorated by 7 per cent, it is easy to understand why agriculture today is a depressed industry. You find right across western Canada, and I believe the situation is the same in the east, that the young men are leaving the farms because they are not content to continue to work long hours and take the small remuneration they get as compared with the returns in other industries.

In western Canada you can go into many places and find the farms being operated by old men. The children have left for the city. These farmers find it practically impossible to get labour. This is the situation as we know it in western Canada. I am not saying that some farmers are not prosperous, because some are. There will always be exceptions to the general rule. We believe the immediate need is to introduce legislation that will help stabilize the prices of farm products so they shall bear a fair relationship to the prices of other commodities.

I know there are many people who oppose the idea of supporting farm prices at a fair level on the ground that it will create surpluses. The minister, in referring to the United States support program, said it had built up surpluses; and that is true. However, this was largely due to the fact they did not have a very efficient marketing system. Let the minister note this fact, that since the United States government adopted

the surplus disposal program their surpluses are moving out at a faster rate than they are accumulating. The only trouble is they waited too long to adopt a realistic marketing policy. Had this policy been adopted earlier, these surpluses would not have accumulated in the way they have.

I am sure no one would suggest limiting production to the extent that it would merely satisfy our own needs. Any excess of our production should be made available to the nations that need it. Unfortunately that has not been the policy of this government in the past. We have said to other nations, "If you need our products you can have them provided you pay us in dollars. If you cannot, so far as we are concerned you can starve". Our surpluses of wheat are in excess of other nations' ability to buy with dollars, but they are not in excess of the needs of the people of other nations. Even in regard to wheat no one can say that the world surplus is too large. The world surplus of wheat only represents a few months' actual supply, and if the world suffered a series of crop failures we could easily have world-wide famine. Of course the trouble is that Canada holds too large a share of that surplus.

Now, this being the situation we feel that action must be taken to ensure that government agricultural policies encourage and maintain a high level of production of the desired type of products. Provision must be made for storing a reserve of certain farm products to guard against the danger of crop failures, and it is absolutely essential that steps be taken to see that that reserve of food be not allowed to force the prices of farm products below economic levels. Trade policies must be instituted to make it possible for Canada to make these surplus farm products available to nations that are not able to obtain them through the normal channels of trade.

Whenever the question of support prices is raised you will always find some people who criticize the proposal. You invariably find editorials in eastern newspapers, and unfortunately in some of the western newspapers, criticizing a policy of what they call giving the farmer a hand-out. We in this group have always maintained that the farmers have a right to demand support prices for their farm products. It will be recalled that in the latter years of the war the prime minister of that day, the late Mackenzie King, pointed out that at that time farmers were being compelled to accept less than the world price as a result of government policy. He said this was part of a stabilization program and they would guarantee, as part of the post-war policy, to stabilize the prices of farm products so they maintained a fair relationship with the prices of other commodities.

As a sign of good faith the Agricultural Prices Support Act was introduced. There is one serious deficiency in that act. The Prime Minister had promised to maintain the prices of the main farm products, yet for some reason or other wheat was not covered by the Agricultural Prices Support Act. Wheat is unquestionably one of the main farm products in Canada today. Had wheat been placed under the Agricultural Prices Support Act, and had the formula that has been used under that act been applied to wheat to the full extent, then the price of wheat would have been $2.37 a bushel. That is a figure given by the bureau of statistics.

Let me say a few words about the Agricultural Prices Support Act as we have it at the present time. I have always supported the Agricultural Prices Support Act. I think it is a good act if it is used to the fullest extent possible. I recall that in January, 1951, I think it was, the former minister of agriculture spoke to a convention of the Canadian Federation of Agriculture. He was asked to define the formula for setting prices. I am not using his exact words, but I believe he said it was the intention to maintain the prices of farm products so they would bear the same relationship to the prices of other commodities as existed in the base period 1943 to 1945. Personally I think that was a good formula. My main quarrel with the government is that they have not lived up to that intention to the full extent. The Canadian Federation of Agriculture advocated the base period of 1925 to 1929, but actually the period 1943 to 1945 gives a 1 per cent advantage over 1925 to 1929.

Unfortunately the government have not maintained the prices of farm products today at 100 per cent of parity for the base period 1943-1945. As of January this year the support price on butter was 81 per cent of parity for that period; the support price on hogs was 80 per cent of parity for that period, and the support price on eggs was 54 per cent of parity. What will the new proposal given to us this morning mean? Well, these parity prices I have given are approximately the same for the past three years, so those would be the average prices for the past three years. Instead of the farmers getting 81 per cent of parity on butter they would only get 80 per cent of 81 per cent or only 64 per cent. Instead of getting 80 per cent of parity on hogs they would only get 80 per cent of 80 per cent or only 64 per cent. Instead of getting 54 per cent of parity on

eggs they would get only approximately 43 per cent. So under the new formula the farmers will not be anything like as well off as they are under the present formula.

It is true that the present formula is not written into the act and the formula proposed by the minister is to be written in. But I would prefer to operate under an unwritten formula that is fairly satisfactory than to operate under a formula that is written into the act but that is far from being satisfactory. I suggest to the minister that this act should be sent to the agriculture committee before the house is asked to give it second reading, because when second reading is given members must endorse the principle of the act.

I do not like the principle of the act, because it does not guarantee to the farmers a fair relationship; and unless a support act can guarantee that fair relationship it is practically worthless. It raises the amount of the revolving fund from $200 million to $250 million. That does not appear to be very important, because although we have had a revolving fund of $200 million in the past the total costs up to date amount to $99 million, and $70 million of that amount was in connection with foot-and-mouth disease, so that in the period from 1944 to 1957 only $29 million has been used in so far as support prices are concerned. There is therefore no reason to assume that just because the revolving fund is raised from $200 million to $250 million it will mean that larger amounts will be paid out.

In western Canada many farmers felt that the government had committed a breach of faith on the question of support prices. They had been assured by the former prime minister that if they did not object too strongly to having to have a ceiling on their farm products during the war, they would be assured stabilized prices in the future. They assert, and I think rightly so, that that promise was not lived up to. As a consequence, the last election fairly well liquidated the Liberals in western Canada.

The Conservative party was very critical of the Liberals for failing to enable the farmers to obtain their fair share of the national income. That was one of their main election promises. The Prime Minister has stressed the urgency of raising the farm standard of living by a program of support prices, expansion of markets and the increasing of terminal storage. I would agree with the Minister of Agriculture that support prices alone cannot rectify the situation. All these three things are necessary. But I should like to draw the attention of the minister to the attitude of the Prime Minister on the question of support prices at the last session of parliament, when he moved a resolution as follows:

> In the opinion of this house consideration should be given to introducing during the present session of parliament legislation which will assure farmers support prices for agricultural products based on a fair price-cost relationship,—

And that amendment was then amended by adding the words:

> —thereby resulting in agriculture receiving its reasonable share of the national income based on parity.

The Prime Minister supported that resolution and the Conservative party voted in favour of it. I am sure the Minister of Agriculture would not suggest that the present legislation can in any way guarantee what the resolution of the Prime Minister was aimed at achieving.

The Canadian Federation of Agriculture and the individual farm unions recently presented quite valuable briefs, in my opinion, to members of parliament, and in those briefs they have advocated support prices and deficiency payments to agriculture. I believe both these things have their part to play in any agricultural program.

First of all, support prices should be set early in advance of the year in which they are to become effective. This support price should be on the basis of parity so far as the domestic market is concerned. We believe that exports should be sold at the best prices obtainable on the world market, preferably under international agreement. Then to the extent that the aggregate of sales in domestic and export markets fails to provide to farmers their fair share of the national income, deficiency payments should be made.

That, of course, is a two-price system. Whilst it might take a little time to put a two-price system into operation so far as all agricultural products are concerned, it would be a comparatively easy or simple thing to apply the two-price system in so far as wheat is concerned, because all wheat is sold through the wheat board. The wheat sold through the wheat board in the domestic market would be sold at parity, and the rest would be sold at the world market price and the farmers would receive an average of the two in the final payment.

I know some people are critical of the idea of a two-price system, but after all if they are critical of agriculture for asking for the adoption of a two-price system, they should be critical of all the secondary industries which have operated under that system for as long back as I can remember. Secondary industries set their prices internally at a price that will give them the cost of production and a fair return on their investment.

Then to the extent that they have surplus products, they are exported abroad at the best price that can be obtained; and very often the prices obtained for the products exported abroad are considerably lower than the prices charged in the domestic market.

Agriculture unfortunately or, I might say, primary industry on the other hand has not been able to carry that policy into effect. As a matter of fact we have found that whilst about 94 per cent of all farm products apart from wheat are consumed in the domestic market, the small percentage of 6 per cent that is exported abroad has set the price for the 94 per cent that is consumed in Canada. In other words we allow the tail to wag the dog.

We believe that the most efficient way in which to operate that two-price system would be through marketing boards; and as I have already pointed out, it would be quite a simple operation in so far as the wheat board is concerned. In so far as marketing boards have been established on a provincial basis, it might be possible to apply the two-price system through those marketing boards, but it may be quite a while before the farmers throughout Canada are prepared to sell all their produce through marketing boards on the same basis as the wheat board. We therefore feel that in the meantime ways and means should be found of applying the two-price system without the operation of marketing boards. There are many ways in which the two-price system can be applied without waiting for marketing boards to be established.

To those people who have the idea that it would not be fair to charge the people in Canada a higher price than is charged externally, may I say this. Let them remember that when the farm organizations advocate a two-price system, and advocate that the price on the domestic market should be at parity, by parity they merely mean a price that bears a fair relationship to the prices of other commodities.

Is any member of this house going to say that the farmers in Canada are not entitled to receive for their products sold in Canada a price that bears a fair relationship to the prices of other commodities? That is all they are asking. Certainly they would like to have a parity price for all their farm products, but we have no control over the export market. We cannot control the prices in the export market, but we can control the price internally.

We are therefore urging upon the government the desirability of establishing a two-price system so that in the domestic market the prices on the different markets shall be such that it bears a fair relationship to the prices of other commodities, no higher and no less, and then get the best price we can in the world market. Then if at the end of operations for the year we found there was a serious disparity between the national income and the farmers' share of it, deficiency payments could be put into effect in order to remove that disparity.

I am not going to say any more at this time, Mr. Chairman. I think my time is fairly well up. I appreciate that this is not an easy problem to solve. I would therefore urge upon the minister the desirability of sending the bill to the agriculture committee in the form of a draft bill.

There are plenty of precedents for that. Back in 1945, when we drafted the veterans' charter the government sent those bills, before second reading, to the veterans committee and told it to work on those bills and redraft them in whatever shape the committee thought necessary. The committee did that; they made many changes in the bills and then the minister, meeting us in camera, told us to what extent he was prepared to meet the changes we had advocated. He went quite a long way in that regard.

Now that was a new procedure, I believe, at the time but every veteran member who has spoken in this house since then has praised that procedure because, as a result of it, we got a veterans' charter which is probably as good as any to be found in the world. I believe if the Minister of Agriculture would adopt that policy in regard to this bill we might have a bill which would meet and would earn the approval of all the farm organizations in this country.

(*Translation*):

Mr. Poulin: Mr. Chairman, I would like to say a few words about the resolution under discussion at this time which provides for a considerable increase in the amounts appropriated for the administration of the agricultural prices support act.

This morning I followed rather attentively the remarks made by the Minister for Agriculture (Mr. Harkness). I must say that I was a little disappointed at the way in which the government plans to go about solving the problem of price support. That is why I hasten to submit a proposal which I believe constructive and which I commend to the minister's earnest attention. Here is what I have in mind. With certain products, it just will not do to announce only twelve months in advance at what level the price will be fixed. On several previous occasions I have pointed out that in so far as butter is concerned, more particularly, the producer should

be able to rely on a fixed price for a long period ahead of time, so as to plan his production and determine how much he should spend on improving his stock, for example, without risking a dead loss.

To my mind that is a basic principle of sound farm management, one which indeed has been recognized in the past, for it was in 1953, I believe,—I did not have time to check—that the government fixed for three years in advance the support price for butter.

There is no doubt that, particularly since the end of 1955, it has been hard going for the farmers of this country. Recently the report of the Department of Agriculture mentioned that their gross income would be greater in 1957 than in 1956. However, their net income will be lower because of higher costs of production. The farmer's immediate prospects are therefore not very rosy.

Then, too, it is now recognized that the welfare of people generally, throughout Canada, is intimately bound up with the welfare of the farmer. In the constituency of Beauce more particularly I think it may safely be said that there is a very close relationship between the position of the farmer and that of the other groups, workers, employees, storekeepers and manufacturers, and that the prosperity of these people is largely dependent upon the revenue of the farmer.

Now, among the sources of revenue of farmers in the constituency of Beauce, the maple sugar industry stands out both in respect of the number of people who are engaged in it—42 per cent approximately—and of the revenue it provides, which equals that secured from all other forest products combined. It must be noted here that for the last two years this industry has been in a very depressed state. May I just say at this point that because this product is marketed largely outside the province that produces it, and especially outside Canada, I believe it is the federal government's duty to help solve the problem of marketing this product.

According to reliable surveys, it costs about 25 or 26 cents to produce a pound of maple syrup. Well, this year, the sale price has ranged between 15 and 22 cents a pound. Last year it was a little higher, but far from satisfactory. The situation is therefore intolerable and it is hardly surprising that, for two years now, many maple sugar producers did not even bother tapping their trees, and some producers even decided to chop them down. In my opinion, it is most undesirable to let an industry die out whose raw material, labour and equipment are distinctly Canadian. I do not believe I am overstating the case when I say that if the maple sugar industry ever disappears from the county of Beauce, nearly half our farmers will quit the farm.

I am glad to be able to say that maple syrup producers have tried and are still trying very hard to put up a solid front to the buyers. Some of them are members of the *Société coopérative des producteurs de sucre* (sugar producers' co-operative), an excellent organization. The Catholic Farmers' Union, for its part, has taken on a huge job, for which it deserves congratulations, in developing a joint marketing plan with the co-operation of the provincial marketing board. A new group, still not fully organized, the *Syndicat des producteurs de sucre* (sugar producers' union), has only recently entered the field but has already achieved creditable results which, though not spectacular, are undeniable.

Last summer, when the *Société coopérative* was able to pay 18 to 21 cents a pound, because of a guarantee provided by the federal government with the help of public funds, independent producers had to sell to dealers at 15 cents a pound, or risk having to keep their product indefinitely. I repeat here what I stated during the last electoral campaign: "This procedure constitutes, on the part of the government, serious discrimination against a considerable number of producers". And that is where the support price, to which I will come in a moment, would have provided equal opportunities to all. In the light of these facts, I felt it my duty to do all I could to help those unjustly treated producers by supporting the activity of the new union. They held out so firmly that dealers thought it wise to raise their prices gradually and I can say that, for two or three months, they are paying almost as much as does the *Société coopérative* itself. There is no doubt in my mind that this is largely the result of the unremitting efforts of the sugar producers' union.

However, in spite of the work and good will of all concerned, the problem is far from being solved and I urge the government to give us their co-operation.

On March 28 last, as well as before and after that date, through representations to ministers of agriculture, I asked here for the establishment of a support price, just as the

hon. member for Dorchester (Mr. Landry) did himself in this house on October 18 last. After having his departmental experts study my suggestion, the then minister of agriculture (Mr. Gardiner) advised me that it was not accepted. To be factual, I must say that, at the time, the parties concerned were by no means in perfect agreement.

I may add that for the past few months opinions have changed and that the great majority of producers I have met, and with whom I have discussed the problem, now think that the government should establish price support. The Catholic Farmers' Union itself, at its 33rd annual convention, recommended to the federal government the establishment of a support price of 25 cents a pound for maple syrup. Therefore, Mr. Chairman, I am on very good ground for renewing my request for a price support which, in my estimation, should be at least 25 cents.

Now then, if I come back now to what the Minister of Agriculture explained to the committee this morning, and if I take the average of prices paid in the last three years, namely 1955, 1956 and 1957, I get an average price of 26⅓ cents. On the other hand, if I take 80 per cent of that 26⅓ cents, the result is 21 cents a pound. And if I should be as optimistic as the minister was this morning, and take 105 per cent of this base price, I obtain a guaranteed price of 27.1 cents a pound. I would hesitate to believe that the minister will always be so enthusiastic and that he will set the base price at 105 per cent which, as I said, would represent, in the case of maple sugar, 26 cents for the three years. I doubt very much that this percentage would be granted the producer. It would set a guaranteed price of 27 cents a pound, which is just about what the producer of maple sugar and the Catholic Farmers' Union have been asking for. Some of those who are against this price support measure have argued that, to all intents and purposes, this support price would become a ceiling price. The answer to this objection is to be found in what has happened with the sale of pork. While the support price of this commodity was set at 23 cents, as hon. members know, its selling price this fall went up to 35 cents and, if I am not mistaken, even to 37 cents a pound.

A few words now on the problem of the price of butcher cattle and calves. In this field, unstable prices are very harmful to producers, and not only to those who specialize in raising this type of cattle, but also to owners of dairy cattle. Indeed with the increasingly careful selection practised nowadays, every dairy herd includes a large number of heads which are classified as substandard and must be slaughtered. And when you think of how much it costs today for feed —and the same could be said of fertilizers— you will easily understand that the raising of beef cattle is hardly a paying proposition for the dairy owner. It will often eat up any profit he might have made out of his dairy herd. The same is true of the production of butcher calves.

For those reasons, I strongly suggest to the hon. minister that he very carefully consider this problem, and that the experts who will make up the advisory committee, as provided in the resolution also give their most careful and early attention to my proposal of a support price in the case of butcher cattle and calves, as well as maple syrup.

And now I want to say a few words about other products already under a price support which, I feel, should be brought to a higher level. First, as far as butter is concerned, a support price of 58 cents might have been adequate around 1952 and the following years, but is obviously no longer so today, considering the increased costs of production. This problem, however, presents a new aspect which we cannot afford to overlook if not only the producer but the consumer as well are to be protected. Indeed, I believe that, as I have said many times in the past, if the price of butter to the consumer was held for several years at a reasonable level, it is because the government, through price support, has piled up huge stocks. This, I might say, is a constant threat to the speculators who might have been tempted to create an artificial shortage with consequent unjustified and unfair prices to the buyer, and, of course, without any profit to the producer either. Just remember what happened during the winter 1951-52. After just such a scandalous manoeuvre by speculators, the retail price soared to 85 and even 90 cents a pound, while the producer of course got nothing whatever out of this exorbitant increase.

Now, according to the figures given to the house by the hon. Minister of Agriculture on the 5th of this month, butter stocks have been dwindling steadily for the past three years. From 92 million pounds in 1955, they fell to 81 million pounds in 1956 and to 34 million pounds at the end of last November. Without being much of an economist, I think we just reached a danger

point and that we are on the threshold of an early and serious shortage, which is bound to touch off an unfair rise of prices at the consumer level. To protect the buyer, butter stocks, in my opinion, should be built up, and I think that the only practical way to make this possible would be to raise the price support to 63 cents and even to 65 cents a pound.

And there again, if I refer to the hon. minister's report, and take as a basic rate the average price paid to farmers in the last three years, I find that this is not very hard to figure out. We have now 58 cents; if we take 80 per cent of 58 cents, we get a price of 46.4 cents a pound, which, as the hon. member who preceded me just read, is the only real guarantee now given by the hon. gentleman in the introductory resolution. If, on the other hand, you get all excited about the way the Department of Agriculture is going to establish this price, and if the basic rate is raised to 100 or 105 per cent, you get a ceiling price of 60.9 cents a pound. This is indeed far from the floor price requested by the Catholic Farmers' Union at their 33rd annual convention.

Knowing the minister's almost anxious hope that his bill will go through with the shortest possible delay, hon. members will understand that I am summarizing as much as possible a discussion that would call for far more explanations.

And finally, one last word to suggest that the support price for pork be raised at least to the level it had reached over the last few years, that is 26 cents for grade A.

I know that this year the prevailing price has been far above the support price. However, there are signs now of a declining trend and there is a possibility that sooner or later that trend will gain momentum and reach the floor price which, at the present time, is unquestionably inadequate. In the last few weeks, I have talked over this matter with several Beauce farmers, and all of them agree that, considering the cost of labour, of building piggeries, and especially the cost of feed, 23 cents is altogether inadequate.

Against a raise in support prices, it was claimed that too high a price would induce a lot of people to go into hog breeding, who have now no interest whatever in doing it.

As a matter of fact, experience has shown that industrialists, business men, merchants, and even lawyers and doctors have gone into hog raising and, incidentally helped prices to come down by causing a surplus on the market.

I would have a suggestion to offer to do away with this difficulty, and that would be to limit the number of heads which each breeder would be allowed to deliver to the board in a given period. The limit would be set by experts and could vary from year to year and even from district to district. Hon. members will please note that there would be no question of limiting production, but only the number of heads delivered to the board. This would certainly eliminate breeders who are not bona fide farmers, who do not need to raise hogs to earn a living and who are interested in this type of production only so long as they can organize it on a large scale, to reap considerable profits. This would hardly be possible with the system I am suggesting.

I will close on that remark while at the same time expressing the sincere wish that the measure under discussion may really prove helpful to the Canadian farmer and, at the same time protect the Canadian consumer.

(*Text*):

Mr. Tucker: Mr. Chairman, at the outset I cannot resist commenting that I could not help but wonder as I looked at the benches opposite which are almost entirely empty with only one minister in his seat until a few minutes ago what must be the attitude of the members of the government toward this proposed legislation.

Mr. Cardiff: There happen to be two ministers present. If you cannot see any better than that you had better have your eyes tested.

Mr. Harkness: You are as inaccurate as usual.

Mr. Tucker: There are just two ministers present now and until just a few minutes ago, as I said, there was just one minister in his seat and that statement was quite correct. Now there are two.

Mr. Harkness: Until about four minutes ago there were others present. Two ministers just left their seats a few minutes ago.

Mr. Gauthier (Portneuf): Oh, do not bother.

Mr. Argue: One cannot blame them for leaving.

Mr. Hodgson: If that is the only election platform you have, you will be licked the next time, too.

Mr. Tucker: If they had left while I was speaking I would not have said anything

about it but they were not here even before I started to speak. I could not help but wonder if this was indicative of the attitude of the government towards this resolution. Perhaps they may think there is nothing of significance in this legislation and they should not regard it as being important. If it is really the attitude of the government that this is not important legislation and it is just brought in for no real purpose but to create an effect, that the government is doing something then there is going to be a great deal of disappointment in the country about that.

Before I leave the question of the government paying little or no attention to the deliberations that take place in this chamber —all members of the cabinet and many other members being absent with the exception of the Minister of Agriculture and one other minister—I would remind hon. members of all that we were told about the intention of this government to restore parliament to its ancient glory and to pay more attention to parliament and its rights and all that sort of thing. After all when the government brings in a resolution of this kind which should be considered important and no member of the cabinet is here except the Minister of Agriculture and one other minister to pay attention to what might be said in the discussion at the resolution stage—this indicates to me that the government does not care very much about what may be said in this chamber.

Mr. Harkness: You are completely wrong. That is an absolutely unjustifiable statement.

Mr. Tucker: If this legislation is considered important, as it should be, I think there should be more of the cabinet here than the two ministers who are present.

Mr. Aiken: Look around you.

Mr. Hodgson: What, to listen to you?

Mr. Tucker: No, I said that if they had left while I was speaking I would not have said anything about it but they have not been here all afternoon.

Mr. Cardiff: Have you any idea what they are doing?

Mr. Tucker: The present Prime Minister said that the first job confronting the government is to restore the rights of parliament and that the Conservative government would do certain things in this regard. One of the things he said it would do would be to restore the power of parliamentary committees. In the first place the government is apparently taking the attitude that it does not care very much what is said in the House of Commons and there has been no suggestion made that it is going to make use of a parliamentary committee in this important matter. This is another violation of the promises about which we heard so much and all of which were supposed to be carried out.

Mr. Rowe: What are you reading from?

Mr. Tucker: This is a statement from a speech made by the Prime Minister on May 16, 1957. I am obliged to my hon. old friend across the way for asking me to cite the authority.

Mr. Rowe: How did it get that red cover on it?

Mr. Harkness: What is the name of that book?

Mr. Tucker: It is quoted from the Winnipeg *Tribune* which I do not think hon. members would suggest is an unreliable newspaper.

Mr. Harkness: What is the name of the book you are quoting from?

Mr. Tucker: Well, it may look like a big book but it is called—

Mr. Argue: Three pounds of Tory promises.

Mr. Aiken: The Liberal book of knowledge.

Mr. Tucker: This appears to be a very large book but I might point out that it contains some of the promises on which you were elected and I do not think you should feel too badly if I refer to it.

Mr. Harkness: Mr. Chairman, on a point of order, if the hon. member proposes to start quoting from a book I suggest he should tell us the title of the book so we will know from what source his quotations come.

Mr. Tucker: It is called, "Diefenbaker's Promises—1957". I will hold the book up in plain sight for all to see.

Mr. Harkness: May I ask who is the author of that book?

Mr. Tucker: The National Liberal Federation.

Mr. Harkness: Oh yes, that is the Liberal interpretation.

Mr. Tucker: These are absolutely reliable quotations and hon. members can verify them. Hon. gentlemen opposite instead of being so uneasy about having these promises quoted to them should be glad to hear them.

Mr. Harkness: We are not uneasy but we want to know the source.

Mr. Tucker: I have given you the source and you can look it up.

Mr. Harkness: Still, that source is not very reliable.

Mr. Tucker: The Winnipeg *Tribune*?

Some hon. Members: Oh, oh.

Mr. Harkness: The source of that book is not reliable and I would say the book is not very reliable, either.

Mr. Tucker: That quotation was drawn from the Winnipeg *Tribune*.

The Deputy Chairman: Order. May I remind the hon. member that subsection 2 of standing order 59 says that speeches in committees of the whole house must be strictly relevent to the item or clause under consideration.

Mr. Tucker: Mr. Chairman, I am pointing out that the Prime Minister said he was going to restore parliament by among other things respecting parliamentary committees. Surely the question I am dealing with is appropriate because, as was pointed out by the hon. member for Acadia, one way in which parliament can deal with such a matter effectively, as was also pointed out by the Prime Minister, in the excerpts from the report of his speech in the Winnipeg *Tribune* which I read, is to have a parliamentary committee given a chance to study the government's proposal. There has been no suggestion that is going to be done. As pointed out by the hon. member for Acadia, this should be one of the most important bills brought before parliament at this session and it should not be treated in the way it is being treated by hon. members opposite. There should be some suggestion that there is going to be some chance to examine it in a parliamentary committee but there has been no such suggestion.

Apparently the attitude is to have only enough people present to man the house, pay no attention to what hon. members say and go ahead as has already been decided by the government regardless of the ideas expressed in parliament. I just draw attention to that, Mr. Chairman.

In the light of the promises made by the Prime Minister when he was seeking the support of the country during the last election the country had a right to expect that worthwhile changes would be made when the government was elected to office with respect to the position of our farmers. For example, in his opening speech in the campaign the Prime Minister—

Mr. Hodgson: Back to the book.

Mr. Tucker: —as reported in a Canadian Press dispatch which appeared in the Halifax *Chronicle Herald* of April 26, 1957, used these words:

> A flexible price support program for farm goods to ensure farmers adequate parity based on fair price-cost relationship.

In the Toronto *Globe and Mail* of April 26, 1957 the following appeared:

> Farmers would get their fair share of the national income, he added, through a flexible price support program.

Their fair share of the national income. That is exactly the point where the present government and its leader found fault with what had been done by the previous government. The Prime Minister said that the previous government had not assured farmers a fair share of the national income and the Conservatives were going to see that they were assured a fair share of the national income. The country fully expected that when this legislation was brought in it would provide for that. But it is far from providing for it. I have compared what the minister has said the proposed bill will provide with the Agricultural Prices Support Act and actually, if the minister has reported fairly on what the bill is going to do, it does not change the situation in any substantial way for the better.

Mr. Harkness: You have not understood the speech. You had better go and get a copy from *Hansard* and read it.

Mr. Tucker: I followed it very carefully and not only did I understand that the government is doing nothing but I think the country generally and the farmers will understand it. This sort of thing is not going to fool the farmer.

Mr. Harkness: I think the farmers will understand all right.

Mr. Tucker: You hoped they would be impressed by your bringing in this bill.

Mr. Cardiff: You hope they will be impressed by you.

Mr. Pickersgill: They certainly will not be impressed by the hon. member for Huron.

Mr. Tucker: I would hope that if we ever made any promises as explicit as these some attention would be paid to keeping them.

Mr. Hodgson: The Liberal party never fulfilled any promises at any time.

Mr. Tucker: If you would make a speech some time it would be a good thing.

Mr. Hodgson: I will make one right after you.

Mr. Tucker: Mr. Chairman, I am not at all surprised that hon. members opposite do not want me to bring out the facts.

Mr. Cardiff: Why don't you go ahead and make your speech and not indulge in so much of this kind of criticism?

Mr. Tucker: The government is doing practically nothing and I suppose the reason why hon. members opposite do not want to speak and try to prevent others from being heard is that they are so ashamed of the legislation that they do not want to say anything in support of it. I would point out to the minister that section 9, subsection 1 of the Agriculture Prices Support Act is in these words:

—the board shall, subject to and in accordance with regulations made by the governor in council, have authority

(a) to prescribe from time to time, with the approval of the governor in council, prices at which the board may purchase agricultural products in the market.

Then, paragraph (c) of that subsection is in these words:

(c) to pay to the producers of an agricultural product directly or through such agent as the board may determine the difference between a price prescribed by the board with the approval of the governor in council for such product and the average price, as determined by the board, at which such product is sold in the market during a specified period if such average price is below such prescribed price.

That gives the right first of all for the government to permit the board to buy at prices which they think are proper under the act. It also gives the right to make deficiency payments directly to the producer. Then, subsection 2 of section 9 provides:

In prescribing prices under paragraphs (a) and (c) of subsection (1), the board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

That was the basis on which prices should be set. This act was made permanent in 1950, and in setting the price at which its agents would buy agricultural products—this applied to all products except wheat—the board was to bear in mind that the intention was to see that the farmer got a fair share of the national income and in order to do that the board was even empowered to make payments directly to the producer. A revolving fund of $200 million was to be set up for that purpose.

I followed what the minister said very carefully, and so far as I can see he is giving the board that he is setting up under the proposed bill no more powers than the agricultural prices support board already has.

Mr. McCullough: May I ask the hon. member a question?

Mr. Tucker: I would ask the hon. member to wait until I am through; I would like to finish my presentation and I only have 30 minutes. I do not want to ask for any more time because it holds other people back. I do not mind answering questions when I am through and I am not afraid to answer any questions, as hon. members who have been here before know very well.

Mr. Argue: It is safer here than on television.

Mr. Tucker: I am not afraid to appear on television either. I do not mind these interruptions as long as my time is not limited by them, but I would point out that I am not one who tries to prevent others from speaking in the house. That applies particularly to my friends of the C.C.F. and to two or three on the opposite side. Fortunately all members in the house are not like two or three who do not seem to want to make speeches themselves but who try to prevent others from making speeches that present a reasonable argument.

I was pointing out that all the powers the minister is providing for in the bill—if he can say otherwise I wish he would do so—are already included in the Agricultural Prices Support Act. There is an advisory committee operating under that act and the head of that advisory committee is the head of the Canadian Federation of Agriculture. Now then, in what way is the minister changing the situation?

Mr. Harkness: Read the section of the act about the advisory committee.

Mr. Tucker: An advisory committee has been operating under this act.

Mr. Harkness: Read the section of the act.

Mr. Gardiner: We have had one since 1944.

Mr. Tucker: My hon. friend wants me to read from this act. I suppose he thinks that while I am reading this I am not saying something else.

Mr. Harkness: No, no. You are always so suspicious, apparently.

Mr. Tucker: There is the agricultural prices support board, and then it provides that—

Mr. Harkness: The hon. member cannot find it because it is not there.

Mr. Gardiner: It is much easier to find the board.

Mr. Harkness: The hon. member cannot find it because it is not there.

Mr. Gardiner: There is an advisory committee there, and always has been.

Mr. Tucker: I have here a copy of the annual report of the Department of Agriculture, signed by the present Minister of Agriculture. Here is what the report says concerning this advisory committee, and I will just read it:

The board—

That is the board itself.

—met on 30 occasions . . .

He goes on to say, at the bottom of page 149:

> The general advisory committee to the board, under the chairmanship of H. H. Hannam, president of the Canadian Federation of Agriculture, held regular spring and fall meetings. The committee covered a wide field in its discussions and at the conclusion of each meeting submitted a limited number of carefully considered recommendations.

Here is the report of the Minister of Agriculture, over his own signature, mentioning that this board met over and over again, yet he tries to disrupt my speech by asking a question, is there any board. I would ask him, when he answers, to tell me whether or not there are any greater powers in the proposed bill to help producers than he already has. If he has no more power under the proposed bill than he explained this morning, then have not the people of this country the right to feel very disappointed and to ask why this legislation is being introduced if the government is actually doing nothing in this proposed bill.

The minister said that it was very difficult to fix high support prices to give the farmer a fair share of the national income. He said this would lead to surpluses, as it had in the United States; that it would be difficult to administer; that it would cost a lot of money. There were other reasons that he gave. These reasons applied when he was in opposition and the Liberals were administering the Agricultural Prices Support Act, yet the Conservatives promised, regardless of these difficulties, that they were going to go ahead and do something worth while for the farmer. The Prime Minister actually said, in a press conference, as reported in the Winnipeg *Tribune* of May 14:

> On agriculture, Mr. Diefenbaker promised flexible support prices similar to those instituted in the U.S. by the Eisenhower administration.

This is the basis upon which the members opposite got elected. Then the minister now gets up and tells us we cannot do the same as they did in the United States because of these difficulties.

Mr. Harkness: On a point of order; the hon. member has been trying for the last three minutes to put words in my mouth which I did not utter. What I said was that the fixed parity price formula which had been in use in the United States, particularly before any change was made in it, had resulted in the building up of very large and unmanageable surpluses.

Mr. Tucker: As the minister knows, that is not a point of order. It is a matter of argument. I am saying the effect of what the minister said was to indicate that the reason he could not follow the policy of the United States under the Eisenhower administration was because of a lack of flexible—

Mr. Harkness: I must again protest the actions of the hon. member in putting words into my mouth which I did not utter. I particularly read this speech so I would have a defence against this kind of thing. I have a copy right here before me, and I never made any such statement.

Mr. Tucker: I wrote down what I heard the minister say, and I have it here in front of me. I am not, and I did not purport to quote from the minister. I said the effect of what he said was such and such, and the minister has no right to raise a point of order on that. I have a right to say what I consider the effect of his speech was. He knows, just as well as I do, that it is a phony point of order just the same as this legislation is phony legislation. I am not surprised—

Mr. Harkness: The only phony thing here is your speech.

Mr. Tucker: I am not surprised at all at this. With all the talk that has been put out in the country, on the basis of which the hon. members were elected, and all the hopes held out, and then the introduction of this measure which does not carry the legislation any farther forward than it was before, I am not surprised that they attempt to do everything to prevent these facts being brought out.

Somebody may say, well, you people had this legislation and why did you not raise the income of the farmer so it bore a fair relationship to the income received in other occupations as is provided for in the Agricultural Prices Support Act. One of the difficulties about raising the prices of agricultural products much higher than world prices was that if you did that you had then to impose strict import controls and practically bar the importation of agricultural products into Canada. It was realized, as the Prime Minister stated when he was leader of the opposition, that if you started doing that you were, in spirit in any event, going against the general agreement on tariffs and trade. If you start doing that, you can expect reprisals from other countries. The farmers themselves have always taken the attitude that we wanted to expand our trade; we did not want to get into a trade war. All our policies in trying to get the farmers' prices up as high as possible were instituted with the fact in mind that we could not start a tariff war.

I have here a copy of a statement of policy issued by the Canadian Federation of Agriculture, adopted on January 26, 1956. This

statement of policy frankly faces that situation. I am reading from page 7 of this statement of policy:

A country like Canada also has this special problem—that in the case of some commodities it attempts, for sound reasons of national policy, to maintain a domestic level of prices that is above the world level. At the same time it desires to look to the world market to dispose of limited quantities of those commodities that will not be absorbed at home at those higher-than-world levels. The United States also is in this position, with a scale of production and surpluses far in excess of Canada's.

It should be possible for Canada to export these commodities, in fairly limited quantities, in regular world markets and at world prices. But it must be recognized that this type of operation must be carried on with discretion, and with consideration for regular exporters of these products, and for our obligation under GATT.

The situation must also be looked at from the point of view of Canada's position as an actual and potential importer of farm products.

Where it is necessary to support the price of a product, it may sometimes be necessary at the same time to take steps to control imports.

Then, they go on to make recommendations, and two of their recommendations are:

1. Canada should continue to pursue a national policy aimed at achieving the freest possible flow of trade between nations.

4. The multilateral negotiation of agreements on tariffs and trade practices, as achieved under GATT is in principle sound and should be continued. Some formal organization for the administration of GATT and for facilitating international co-operation on trade problems is also desirable.

This was the attitude of this organized farm organization as they approached this great problem, so I presume it was the attitude of the advisory committee headed by Mr. Hannam. It did tend to keep prices from being raised higher than might otherwise have been the case under the Agricultural Prices Support Act.

The Canadian Federation of Agriculture made a submission to the members of the government on July 31 of this year. This problem has come to be realized more and more by everyone including the farm organizations. If you want to expand trade, if you at the same time want to raise prices on farm products high enough to give the farmers a fair share of the national income, you will have to raise them a good deal higher than they actually are in international trade and that would mean that you would have to impose import controls. If you begin to bar out imports, then other countries will begin to bar out our exports. This was finally realized by many people who were thinking about this problem. This is something I wish to draw to the attention of the Minister of Agriculture. I presume that he has studied this submission of the Canadian Federation of Agriculture very carefully. It was as I have said made to the government of which he is a member on July 31 of this year. I read from this brief because it indicates a realization that something more had to be done than had been done before and it asks for something more to be done. It seems to me that the government which promised to do more than had been done previously, should have paid some attention to this submission which I consider most reasonable. At page 3 of this submission to the government the Canadian Federation of Agriculture said this:

In January of 1955 a statement of policy was adopted by the federation of which the major features were:

1. That price supports should not create incentives to production which perpetuate surplus production problems and prevent necessary and desirable production adjustments being made. This is the most fundamental principle involved, next to that of providing for the producer due and reasonable safeguards against excessive loss of income.

2. That price supports should be calculated according to a known formula, embodied in legislation, which could be used as a guide, accepted by all concerned, for negotiating price supports.

3. That as a general rule between 70 and 85 per cent of a fair relationship or parity level, as calculated by the formula, would provide for a reasonable range of supports, with due regard for flexibility. With supports established at such moderate levels, it is recognized that market prices will usually prevail above support levels and sometimes substantially above them.

4. That deficiency payments as a method of price supports were not to be recommended in preference to market price supports—except with rapidly perishable products.

That was the position of the Canadian Federation of Agriculture up until practically this year, namely that deficiency payments should not be used and were not desirable except for rapidly perishable products. Then this brief of July 31 last goes on to say this:

The above remain the basic principles of C.F.A. price support policy except with respect to deficiency payments. The arguments against the use of deficiency payments unquestionably have a considerable degree of validity, and in a general way the federation prefers the market support technique where it is practicable. At the same time the advantages of supporting producer returns by means which do not involve maintaining market prices at the full support level are very real and since the beginning of this year a special national committee has been reviewing this particular aspect of price support policy.

Last week the board of directors of the Canadian Federation of Agriculture received the report of that committee—

They say "last week". That would be the last week of July of this year.

—and revised its statement of price support policy. After a thorough review of the question, it was decided that adjustment or deficiency payments as a method of supporting incomes of producers should be applied on individual products to correct income deficiencies under the following circumstances:

Here the Canadian Federation of Agriculture has said that they have changed their

attitude towards deficiency payments and have submitted this new and most reasonable recommendation to the government. I expected that the government meant business when it said it was going to do something about this great problem. Here is what they said: that they should be used

(a) Where perishable products require this type of support in order to move the product and avoid waste.

(b) Where market price supports, though put at the best level feasible for this type of support, must be supplemented from the point of view of providing adequate producer returns.

The Chairman: Order. I am sorry to interrupt the hon. member but I must advise him that his time has expired.

Mr. Tucker: I would point out, Mr. Chairman, that in committee I have a right to speak for 30 minutes from the time the last person who took the floor stopped speaking. The minister rose and made a statement in the middle of my speech. I therefore submit that I have a right to speak for 30 minutes from the time he took the floor.

Mr. Harkness: I did not make a statement. I just rose on a point of order.

Mr. Tucker: The minister said what he had said in his speech and undertook to correct my speech. I now point out—

Mr. Harkness: I raised a point of order.

Mr. Tucker: It was no point of order. You were correcting my speech. I pointed out at the time that it was not a point of order. The reason why I asked for this consideration in order to conclude is this—

The Chairman: Order. I would ask the hon. member to assist me in fulfilling my duty. Standing order 59, paragraph (3) reads as follows:

No member, except the Prime Minister and the Leader of the Opposition, shall speak for more than thirty minutes at a time in any committee of the whole house.

Mr. Tucker: That paragraph states "shall speak for more than thirty minutes at a time". I was interrupted repeatedly. Others took the floor, particularly the minister and Your Honour must realize that he did so and that it was not on a point of order. It was an attempt to correct what I had said he had said in his speech.

Mr. Harkness: It was a point of order.

An hon. Member: What about the rules of parliament?

Mr. Tucker: The rules of parliament are something, I submit, we have a right to abide by. The rule certainly states "thirty minutes at a time". Can anyone say that I had had the floor for 30 minutes steadily when the minister took the floor from me?

The Chairman: I am bound by this standing order. I have no alternative. I must give the floor to another member.

Mr. Argue: Do it the next time around.

Mr. Mandziuk: Before I proceed with my remarks, Mr. Chairman, please permit me to congratulate Mr. Speaker and you as Deputy Speaker on your election to the important offices you hold. I also wish to commend you both for the kind, courteous and impartial manner in which you have steered the deliberations of this house. I wish to express the same sentiments towards the clerks and those that assist us in the house.

There is one misgiving which I feel I should share with you Mr. Chairman, and hon. members of this house and that is the difficult role I have to fill in representing the constituency of Marquette in Manitoba for the following reasons. My immediate predecessor representing this finest of Manitoba constituencies was Hon. Stuart S. Garson who, for nine years, distinguished himself as minister of justice in the late Liberal government. His predecessor was the late Senator James Allison Glen who for a number of years occupied the chair which you, sir, are now occupying. His predecessor was the late Senator Harry Mullins whom many of the oldtimers must remember. You will now believe me, Mr. Chairman, when I say that the mantle of these outstanding Canadians weighs heavily on my shoulders and I pray to the Almighty for ability, strength and vision to serve Marquette and Canada as ably as did my predecessors.

I want to make the definite statement that we are proud of the proposed legislation, as proud as we are of the legislation we have put on the books to date. I wish to congratulate the Minister of Agriculture on his manner of presenting the principles of the bill to be introduced after the resolution passes, if it does so. He was concise, brief and to the point. He expressed the hope that this legislation would not be unduly delayed, and I share his hope. Consequently I am not going to take up too much time of this house as lengthy speeches will only result in delay. I hope that the bill which will soon be in our hands will contain, if not all at least most of that for which the farmers have been waiting for so many years.

I cannot resist expressing certain opinions and views on the resolution which introduces the price support legislation, which legislation is of such vital importance, not only to

the primary producers of my own constituency but those of all other constituencies. Indeed, all the primary producers of Canada have desired price support legislation; the economy of the country requires it and I am sure all groups in this house agree with the principle behind it.

The farmers comprise one-sixth of our population, this one-sixth providing one-quarter of our exports. These are the farmers of Canada, whether they grow grain, raise hogs, poultry or cattle.

Labour, being well organized into unions, has been clamouring for and receiving increases in wages and other benefits while this one-sixth of our population, the men and women on the farms, were until this government came into power the all but forgotten group of this country. When they asked in years past for just such legislation as this they were told it was impossible; it could not be provided; that nature would take care of their surpluses by several years of crop failures and then eventually Canadians would eat up these surpluses.

If this has a familiar ring in the ears of some hon. members I hope they will not be too disturbed. The farmer never knows whether or not he will harvest a crop. If he does not harvest a crop he has nothing to sell and therefore has no income in the fall. If he has too big a crop the prices fall and so does his income, a surplus then being created. This situation applies to whatever type of farmer one might consider but even if he can sell his produce prices fluctuate and he can never budget for his needs in advance. For example, there was a fluctuation in hog prices last summer, with a difference of 10 to 12 cents in a period of a few short weeks. These are the reasons why farmers in the whole of Canada have been so anxious for so many years to see this legislation introduced.

Referring again to this one-sixth of our population, taking for the moment the farmer and his wife and leaving aside the children, these people work from dawn to dusk, at times during all hours of the night. Both husband and wife work seven days a week for 365 days a year, with a day extra in leap years. They have no holidays with or without pay. They never know in advance what they will receive for the fruits of their labour and this is why farmers sell out and our farm population is dwindling. The farmer goes into the industrial centre, increasing the labour force, and soon swells the ranks of the unemployed. Therefore, this one-sixth of our population must read with envy our debates in this house on the matter of the minimum wage of one dollar per hour. I submit that if the farmer, anywhere in Canada, billed his farm at the rate of one dollar per hour, at the end of the year he would have a bill to the tune of over $5,000. That is for both himself and his wife and I daresay there is not a farmer in my constituency or, for that matter, in any other constituency who clears that much money for his labour on 365 days a year. I say this because of the unstable prices and the surpluses which exist.

The farmer's wife cannot enjoy the finer things of life; she cannot have clothes as good as those of her sister in the city; she cannot have household appliances such as those owned by her sister in the city and she cannot enjoy all the conveniences enjoyed by her sister in the city, even though that sister may be the wife of a labourer. The farmer himself cannot afford to dress as well as his brother who is a labourer in the city. He wears the same suit for years—probably the suit in which he was married—and he may even be buried in the same suit. His products are priced at a certain figure; his surpluses cannot be sold and he has no ready cash. I therefore believe that the farmer certainly appreciates the cash advance legislation which we have already passed and will likewise appreciate the price support legislation we are about to pass.

The farmer cannot buy as good a car as his labourer brother who lives in the city. Who but the farmer still drives the old flivver of the 1940 or 1945 model? All this, in spite of the fact that they have lived through that great prosperity under the Liberal government. I could point out tens of hundreds of such old model cars in my own constituency. Do you know why we cannot afford to get new ones? Because there is not the money available and these old models are not valuable enough to be used as a trade-in. Now these are efficient farmers and a car in these days is a necessity and not a luxury.

I am just trying to give a picture of the farm situation today and I think all hon. members will understand why this legislation will be appreciated. This uncertainty as to prices is bad for the Canadian worker, although he may not realize it. It is bad for the manufacturer if one-sixth of our population has no buying power. A prosperous agricultural community would provide a substantial market. The implement industry for example has remained in a depressed state since 1949; that started in the good old days of the grand Liberal administration. The crisis in agriculture is also bad for the small town businessman in every constituency in Canada. It is bad for the grocer, the general merchant, the implement agent and the automobile dealer all of whom depend upon local patronage and the buying power

of their customer—the farmer. It is bad for the wholesaler. If the retailer sells less, the wholesaler sells less then the manufacturer must reduce production in his factory and his workers are laid off. Then the hue and cry is raised: "What is the government going to do about it?" The legislation of this government is an important answer to this question.

An hon. Member: And how!

Mr. Mandziuk: I have heard that before—it is doing that which should have been done years ago. The primary producers have cried for such legislation; they have asked for it again and again over the years but their cry was a voice in the wilderness. I feel that the people whom I have the honour to represent will be pleased—no, much more than pleased,—they will be happy at the courage of this government in going ahead with the legislation, going ahead with what others said could not be done. My constituents consist of small farmers, small town businessmen and they will be looking forward to the benefits which are expected from this legislation. They will get those benefits in 1958.

I was glad to note that the government is acting like a servant of the people rather than like a master. I was very pleased with the support which hon. members representing constituencies in the east gave to legislation beneficial to the west alone, that is, to the measure providing for cash advances on farm-stored grain. We who come from the west did not have to convince the eastern representatives that this legislation was worth while; they felt that what was good for any one section of Canada should be supported by the whole of Canada. This government realizes the interdependence of every section of the country and this realization will, I am sure, result in a united and more prosperous Canada.

I promised to make my remarks brief, and I will keep my promise. In closing, I feel sure, sir, that this government will go down in history—

An hon. Member: Yes, go down.

Mr. Mandziuk: —as one which has lived up to its election promises. In the past, Canadians have become accustomed to seeing election promises made just to be broken. This government will go down in history as one of the most progressive governments Canada has ever had, and the name of our beloved leader, the Prime Minister, will go down in history as the father of the bill of rights for the farmer.

Mr. Schulz: Mr. Chairman, I must admit I am on the spot today perhaps more than I have ever been before. I had prepared a speech for this heavy occasion, this great occasion to which I have been looking forward for years, and now I cannot even use it because it would not fit. I expressed the hope that this would be the day which would save agriculture. And now, after listening to the Minister of Agriculture speak about this incredible and shocking proposal which has been revealed here, this speech of mine would look silly, coming after his.

An hon. Member: It does anyway.

Mr. Schulz: Just think if I had used my first sentence:

> I am pleased to have the opportunity to speak on this resolution which is the forerunner of legislation to bring greater stability to farm prices.

That is what I thought this was going to be. Now what is it? It is nothing. According to the minister's statement, the prices for the year will be based on the prices prevailing during the last three years, which were about—estimated conservatively—80 per cent of parity. Thus, he will base the new prices on 80 per cent of the 80 per cent. A joke. Just think if I were to read another sentence of my proposed speech:

> For a long time I have been waiting for this day when a government would recognize the problem of low farm prices and do something to stop this process which is crippling a basic Canadian industry.

Just think how silly that would sound. I do not even know with what to compare, or how to describe this thing which was revealed this morning because my vocabulary is too restricted. Perhaps the only thing I can do is to compare it with the United States sputnik which they tried to launch into the air a few days ago; the size of a cantaloupe, six point four inches in diameter, weighing three point four pounds. Never got off the ground. Exploded in their faces. It fizzled out, but it produced a shock wave right across this country unprecedented in history and this proposal, similarly, will create a feeling in the hearts of farmers of despair and chagrin. And this is what follows all the beautiful promises.

To think I have been one of those who advised my friends to vote for the Conservatives to get rid of the Liberals. Just think what they will do with me when I get home. What a spot a man can get into in life. I do not even know where I go from here. I cannot go on speaking freely; I must use a script, but the script I have prepared does not fit the occasion. If I do not use a script, what will happen to me? What,

for example, will the Minister of Northern Affairs and National Resources do with me?

I never used a script in my life until I came to this house, but I use one now because I know that someone will be out to catch me. But I never thought the minister of northern affairs would do it. But that minister went out and distorted the truth and said I was the man who said that legislation for advance payments was useless. Why did he not read my speech before he made such a statement? Of course he said yesterday that I said it was stupid, and that that was just the same. Yes, it was "stupid" that appeared in *Hansard*, but I went up the next day and corrected it. When I said I had corrected the proof and did not use that word, what right had he to go out and say I had used it?

I have heard a lot in my time about the present minister of northern affairs. I have heard a lot of his statements, and most of them were so confused that I could make neither head nor tail of them. I have read a lot about him, too, I read an article the other day which, perhaps, fits the occasion, and I should like to quote it. It is taken from the Toronto *Star* of November 15 and, describing the minister of northern affairs, it says this:

> Among the minuses goes Alvin Hamilton from Saskatchewan, minister of northern affairs. This is a pity, since there were high hopes of promise in this freshman minister (who incidentally was just nosed out for a Rhodes scholarship by his own deputy minister, Gordon Robertson). But at question time Alvin Hamilton adopts the manner of a youthful prig—

That is spelled p-r-i-g.

> —rebuking his elders. But he is so new to the commons club that he may yet revise his manner and bring forward substantial material. Better hurry, though.

Yes, he had better hurry because if he does not history will count him with the group of people who leave as their footprints in the sands of time only the mark of a heel.

Now, Mr. Chairman, I am going to protect myself against further distortions of the truth by making use of my script. I do it for another purpose as well. It was my main purpose today to describe the present condition of agriculture and perhaps there is still some hope that the Minister of Agriculture will listen to my remarks and go back and think them over. If he does, we will even forgive him his sins. However, I will not leave out, of course, all those hopeful expressions I have used.

During the years farmers have been faced with many problems and even crises which they have managed to overcome but low and unsuitable prices for farm products represent a problem they have been unable to solve. As a matter of fact, this problem has increased in proportion year after year and has now reached the point where farmers are helplessly caught in the iron jaws of the present rise in costs. It is a problem of such magnitude that it has brought the Canadian agricultural industry to the brink of collapse, something this country can ill afford.

Agriculture not only served this country well but it played an important role in its development. The dynamic expansion of agriculture provided investment opportunities and became a major drawing card of immigration and colonization. With the opening of the western farm region agriculture became the foundation of the Canadian nation. Today this foundation is threatened by falling farm prices and rising production costs which have reduced many farmers to bankruptcy in the midst of prosperity. Consequently Canada's basic industry has become the weak spot in our economy. The reason for this is that the Canadian farmer was not only ignored by those who planned the distribution of this country's wealth but became an object of abuse. While industry was protected by tariff walls and finance was supplied with cheap money the farmer was left as booty for the speculators and manipulators of trade and commerce. While other groups were protected, he was forced to sell his products on the open and unprotected market where he was taken advantage of in the most unscrupulous manner. Looted for years, this builder of yesterday was slowly reduced to the point where today he is becoming the most puzzling and pathetic contemporary figure. The man who had been the backbone of our country, the very prototype of Canada, finds himself at present on the social and economic fringe. While many Canadians prosper, he can scarcely make a living.

Since 1949 the farm price index—basis 1935-1939 equals 100—declined from a high of 255.4 to a low of 224.0 in April 1957, a drop of 31.4 points; but in the same time the composite index of prices of commodities and services used by farmers went up from 204.1 to 258.6, a rise of 54.5 points. Both rise and fall combined represent a total loss to the farmer of 85.9 points in a little more than six years. This is the day when our new Minister of Agriculture has announced that the government will offer price supports. The condition I have described is the product of social chaos and economic lawlessness which produced the imbalance in our economy, prosperity on one side and bankruptcy on the other. This is the way in which the farmers were cheated out of their livelihood. This is the manner in

which this great prosperity of ours was built on the ruins of our basic industry. It is an unprecedented piece of economic chicanery.

If this kind of discrimination had occurred only in the last few years farmers would not be in their present bankrupt position; it takes much more time to bring them to their knees but this is a sort of nightmare the farmers have been living with for years. It would be interesting to know how many years but apparently there are figures available only since 1914. I paid a visit to the parliamentary library and there I found the Searle index of the cost of things prairie farmers have to buy for a living and production, together with some other indices and prices of interest. The index goes back to 1914 and provides a startling comparison for the next 25 years. The period 1913-14 equalling 100 was used as a basis for calculation.

It shows that in the first ten-year period the cost index of things farmers buy increased from 100 in 1914 to 163 in 1924, but in the same ten years the price index of wheat went up to only 124—a difference of 39 points. The index for hogs went down to 94; this is 69 points behind the cost index. The price index for cattle fell from 100 in 1914 to 78 in 1924, which is 85 points below the cost of production index.

Ten years later in 1934, at the time of the depression, the farmer's cost index had fallen to 124, but the price index for wheat went down to 72, close to half of the cost index. The hog index fell to 94, 30 points below the cost, and that of cattle dropped to 47, or 87 points behind the cost of production.

In 1939, the last year shown in the index, the farmer's cost was up to 132, but the price of wheat went down to 64 points, less than half of the farmer's cost. The price index of hogs stood at 105 and that of cattle at 91. That means that in 1935 the combined average price of the three main products which provide approximately 65 per cent of the prairie farmer's income was 45 points below his cost and 13 points lower than in 1914.

The full significance of these figures and the amount the farmers actually lost in those 25 years can only be seen in its full dimension when you compare it with what other groups have gained in the same time. According to the index, the hourly wage rate of industrial workers increased from 100 in 1914 to 188 points in 1935. This means that while farmers' prices went down 13 points in 25 years, industrial wages went up 88 points. It produces an imbalance between the two groups of 101 points. This figure represents the difference in living standards between industrial workers and farmers brought about in 25 years, and the industrial workers as a group by no means have the highest standard of living in this country.

Will the public in general ever recognize the tragedy embodied in these figures? This is an incredible testimony of discrimination and injustice. It should penetrate like a depth bomb into the hearts and souls of those who hear and read this manifestation of fraud. I hope it penetrates into the heart of the Minister of Agriculture. It is a gigantic social upheaval in its own right, covered up by beautiful phrases describing our unprecedented prosperity in the most glowing terms. But when this idol of prosperity is stripped to public gaze and its grisly secrets revealed it becomes a farce of the greatest magnitude.

Under a chaotic economic system, with no resemblance of order or balance, the tiller of the soil has been ravished and deprived of his labour for decades. There is something sinister about this age-old piracy which has left farmers helpless and hopeless. It degrades human dignity and what we have heard today degrades morality.

To stop—perhaps I should leave out this paragraph—this repellent suppression and correct the existing discrepancy, the government is now forced to introduce legislation to guarantee farmers prices by the law of the land. What a law!

Will hon. gentlemen support this new measure? I hope they will not. I have been one of those who tried very hard to give the government a chance. As a matter of fact, sometimes I have even disagreed with my own good friends here because I felt the people of the country expected us to give the government a chance. They have had their chance. I do not feel sorry for those on the treasury benches but I certainly feel sorry for those who sit behind them.

An hon. Member: You do not need to.

Mr. Cardiff: You had better feel sorry for yourself.

Mr. Schulz: Farmers in general are rugged men and know how to stand on their own roughshod feet. Their successful struggle with nature and the task of transforming a wilderness into a productive industry stands out in Canadian history as an epic of determination. They do not expect either a hand-out or something for nothing. All they want is a square deal, and I doubt whether they can ever expect to get it from this government unless the government has a change of heart.

I hope the figures I have produced so far will have some effect but if they do not and there are still some doubting Thomases who

are still not quite sure as to the conditions that exist in agriculture today, I have here some more definite figures. A survey conducted by the economics division of the Department of Agriculture in west central Manitoba last year and published in the *Economic Annalist* of June, 1957, shows that farmers must receive assistance or they will all go bankrupt in the near future. The report states that the area in which the test was conducted reached from Neepawa west and north of Russell. That is the constituency of Marquette represented by the hon. member who spoke just before me. What did he say? He said that he was proud of this legislation.

Mr. Ellis: He will eat those words.

Mr. Schulz: The area surveyed included 82 farms of 2, 3 or 4 quarter sections. The report states further that the area is generally considered as a mixed farming area and is well suited climatically for common cereals. The average annual yield of wheat is about 25 bushels per acre. The net result of this investigation is contained in the last paragraph which reads as follows:

> The returns on two-thirds of these farms fell in the range from about $1,290 to $3,210. The average investment on the two quarter-section grain farms was $18,848 per farm, which at 5 per cent would earn, or cost, $942. This leaves a return of $1,117 for the operator for wages and management, family living expenditures and savings. Farm family living expenses were not enumerated in this survey, but data collected in earlier studies suggest that cash farm family living expenses for families on this size of farm would amount to about $1,550 per farm. On the average, these farm families, on this size of farm, would have to use some of their depreciation allowances, savings, or income from non-farm sources, such as family allowances to meet all costs of farming, including their living costs.

This is the measure of the farmer's plight, a net loss of $433 in one year. It really proves the falsehood of our prosperity, of which some people are so proud, especially when one considers that according to the report livestock products and meat consumed in the home were included as receipts and that the expense figures include cash expenses and depreciation but do not include cash expenses for machinery and equipment.

Furthermore, we must remember that this applies to the year 1955 and that according to a report recently published by the Manitoba department of agriculture the average net income of Manitoba farms in 1956 fell about $1,000 below that of 1955. This brings the total loss per farm to $1,433. Is there anyone anywhere who can tell me how these people can go on without going bankrupt? Can anybody figure out how they live when their expenses are greater than their income? I cannot do it and neither can anyone else.

Will the hon. member for Fort William—I should have said the Minister of Agriculture this time—be able to understand from now on what we mean when we talk about thousands of bankrupt farmers and ask for assistance? It is not only the farmers but whole communities that have been impoverished by the cost-price squeeze. Toiling under the most impossible conditions farmers and businessmen alike are struggling desperately to keep their heads above water.

Unfortunately, Canadians in general, and I think that applies to this house in general too, as well as some farmers and farm organizations, have so far failed to comprehend the extent of the depression existing in agriculture and the threatening danger it presents to our entire economic structure. While the nation's foundation is crumbling they build their castles in the clouds of prosperity. They have been brainwashed to the point where they really believe in this myth.

The only group really concerned about this problem and which has repeatedly stated so publicly is the Canadian Labour Congress. In the last brief this organization presented to the government it was made quite clear that the congress was alarmed by the drastic fall in farm income as that was bad for the economy in general. They assured the government of their full support for anything the government could do to restore the purchasing power of Canadian farmers.

This is not the first time organized labour has asked the government to recognize the farmers' difficulty and do something about it. Last year they combined their efforts with those of the interprovincial farm union council in a joint representation to the government asking for parity prices. However, there was no response from the former government. They acted like a group of people made of clay and tied in a bag that no one could undo.

But how much will this government do now to correct this situation? This is the $64 question to which farmers want an answer. I hope this government realizes that it was a Conservative government that laid the groundwork for the farmers' present dilemma. Back in 1879, a Conservative government designed the national policy of tariff protection which spelled doom for agriculture from the first day of its existence. The unprotected farmers have been forced for 78 years to compete with a protected home industry. Farmers realize today that they cannot expect any reduction in tariffs from a Conservative government, and therefore they are asking for protection too. Since coming into office this government has demonstrated that it is more interested in raising tariffs than in lowering them. Farmers know that the idea of free trade, promoted

by them from the very beginning, is not acceptable to this government. This was proven conclusively when the offer of a free trade area made by Britain was greeted with silence and has been ignored ever since.

The organized farmers of today, therefore, have made up their minds to get equality with others, either by free trade for all or protection for all. They want protection of prices to the point where they have a fair relationship with other prices. They know that this is the only way in which they can get a fair share of the national income as promised in the speech from the throne. They are asking for the establishment of a price support program to ensure an adequate parity for agricultural producers as laid down in the government's national election policy. Farmers want parity prices as promised by the Prime Minister during the election campaign. They are asking for implementation of what they have been promised—no more or no less.

Farmers and farm organizations are looking forward with great expectation to this legislation. As far as they are concerned the government will stand or fall on its context. They want a degree of price protection equal to other prices. This means parity prices. Anything less will be rejected, not only by farmers but by labour and many others who know the difference between right and wrong.

The Acting Chairman (Mr. Rea): Order. I must advise the hon. member that his time has expired.

Mr. Stefura: Mr. Chairman, it was with a certain amount of anxiety and with a great deal of expectation that I, too, have been waiting for the time when we would be able to have a thorough discussion of this farm problem. I, however, was not in the same position as the hon. member who preceded me because I, perhaps, remember too much of the thirties so I only had to throw out about half of my speech when the announcement was made.

The resolution introduced by the Minister of Agriculture today provides an opportunity for the agriculture industry to state its grievances, so far as farm prices are concerned, and to express views upon what they expect to see in the bill when it is introduced. As I mentioned during the throne speech debate, about 90 per cent of the people in my constituency are dependent, either directly or indirectly, on the agricultural industry. It is, therefore, of prime importance to them. The farm holdings are not large ones. The problems that face agriculture are not prevalent only in my constituency, these problems face the entire agricultural industry throughout this country to a greater or lesser degree. Perhaps at the outset I should state that I do not believe legislation, even though it might be a lot better than the measure proposed this morning, would cure all the ills of the agricultural industry.

I would say that the first thing we need is trade, and we need it badly. However, under the conditions in which farmers are now placed, and until such time as the government sees fit to inaugurate different trade policies, legislation to give support to agricultural prices should be introduced in order that the farmers may survive. I was very much interested when, just before six o'clock last Saturday, December 6, the Minister of Trade and Commerce stated that the acceptance of local currencies for wheat may be adopted if it were a solution to getting our surplus to the hungry people of the world who need it.

I was very much interested in that because on October 23 I asked the Minister of Finance whether the government had given consideration to the acceptance of sterling in an effort to increase trade with Britain and other commonwealth countries. The minister answered that no such proposals were made to the Canadian government. There was a significant statement made by him when he was further questioned by other members of this group and by some members of the C.C.F. group. He said then he did not see any reason why we should go out proposing to take sterling; we were interested in a two-way flow of trade and payment by commodities that are being purchased from non-commonwealth sources. In other words, the Minister of Finance is prepared, I believe, to do a bit of bartering.

The sad part of the whole affair is that these statements come from the wrong minister. The Minister of Trade and Commerce is prepared to do business with soft currency countries, and that is the department of the Minister of Finance. The Minister of Finance is prepared to do a little bartering, and that is within the Department of Trade and Commerce, but he will not have anything to do with sterling. If ever I or anyone else has seen a mixed up government I believe this is it.

I shall not go into this subject any further now because I intend to go into it more fully when the trade and commerce estimates are before the committee. I would suggest, however, to the Minister of Agriculture that he should get the two gentlemen together and get the whole matter straightened out. If that fails, perhaps he could convince the Prime Minister to have these gentlemen exchange

portfolios. I believe both these ministers have expressed sound ideas, based on good common sense. I believe some of the old Social Credit members must derive some satisfaction from these statements because they have been hammering away at these ideas ever since the Bretton Woods agreement. If the Minister of Agriculture were to recommend that we accept foreign currencies, barter deals, extend credit to foreign countries, that would do more than any one single item of legislation we could possibly pass in this house to aid this farm industry.

Before I go too far with that, I shall come back to the resolution and deal directly with it. The problem that the farm people have of balancing their diminishing returns of income against their ever-increasing expenses is not only causing an endless amount of anxiety to the Canadian farmer but is becoming a subject of study to other groups and occupations.

The Agricultural Prices Support Act of 1944-45 was supposed to have remedied the situation and it is very clearly stated in one of its clauses that the board shall endeavour to ensure adequate and stable returns for agriculture by promoting adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

This is only fair and just. It is no more than any farm group or any farmer has ever asked for. Farm people do not want handouts but they do want and are entitled to their fair and just share of the national income. Whether it is the fault of the agricultural prices support board or whether it is the fault of the governor in council, I am not prepared to say. However, the blame must lay with those who were given the responsibility of seeing that the act was enforced.

The resolution introduced today calls for guaranteed prices on certain agricultural commodities, and others can be added as named from time to time by the governor in council. The wording may differ slightly. However, the ideas are identical with those we have had in the past. The amount of authorized expenditure from the consolidated revenue fund will be increased to $250 million, an increase of $50 million. We trust that the $50 million increase is not just so much eye-wash or that the government is not merely trying to pull the wool over the farmers' eyes but rather that the government really and sincerely is trying to aid the agricultural industry. I say that with justification.

The following question was placed on the order paper on November 19, 1957 by my colleague, the hon. member for Battle River-Camrose:

[Mr. Stefura.]

1. How much was paid out of the Agricultural Prices Support Act revolving fund for each of the years from 1946 to 1956 inclusive?
2. How much was paid out of the Agricultural Prices Support Act revolving fund from January 1, 1957 to October 31, 1957?
3. What products were supported in each of the years mentioned in 1 and 2, and what was the loss incurred for each of these products for each of these years?

I will not read the detailed reply. You will be able to find that in the December 2 issue of *Hansard* at page 1756. However, the total in round figures for the ten-year period or the better than ten-year period I believe will be of interest. The total cost up to October 31 since 1946 was $94 million. Of this amount the biggest loss occurred in 1952 when we had the foot-and-mouth disease outbreak, slashing returns to the producers. These figures do not take into consideration the value of goods still in storage such as eggs, butter and so on so that the total amount for the ten-year period is much below the $90 million, and much below what some of the former government members try to convince the farm people the aid actually was to the farmers. When we subtract that amount that we paid out in 1952 for the foot-and-mouth disease, it leaves about roughly $24 million for actual farm aid.

I have here the report on the administration of the Emergency Gold Mining Assistance Act as put out by the Department of Mines and Technical Surveys. The amount of assistance given to that industry is found at page 10 of that booklet:

The amount of money paid to gold mines in respect of the years 1948 to 1956, inclusive, under the provisions of the Emergency Gold Mining Assistance Act is $99,934,837.10 on a production during these years of 28,603,429.035 ounces.

When we consider what we are doing we find that we are digging the gold out of a hole in one place and placing it in a hole in another place, something which is of absolutely no value to the people of this country and for that we paid out $99 million. Yet when we take our farm commodities, what do we find? I am not going to argue the point as to how this was brought about because I was not here when this act was passed. I do not know very much about the gold mining industry and I am not going to say it should not be paid out. But I am just comparing the situations. In the one case we have this gold being taken out of one hole and put in another hole, and we have this amount of money being paid for something that benefits nobody.

Yet when it comes down to the agricultural industry, there is little or practically nothing done. The actual amount spent under the prices support act is about $24 million. The $200 million voted by the previous

administration was nothing more than just a frill to the actual amount needed to carry out the obligations of the board or the actual amount spent. As to adding $50 million to the fund as proposed by this present administration, unless the guaranteed prices shall be such as will use up the money in this fund, and unless the board shall see that the prices are of benefit to the industry, it shall become nothing more than adding embroidery to the frills.

The previous administration did not carry out its duty in seeing that the prices support act was adhered to. As I mentioned previously, I will not lay blame on any particular body, but I do know that the farm people have the right to expect certain justice. When an act is passed, they expect it to be adhered to. I am not a lawyer so I shall not attempt to argue as to whose fault it was that it was not adhered to. I have no argument with any of the members of the board. I do not know them. I also believe—as the Minister of Agriculture said this morning, or something to this effect—that the men holding positions on this board are qualified and responsible men. However, if it was the fault of the board in not carrying out their responsibility, they should have been asked to apply for unemployment insurance.

I am not saying that is where the fault is. If it was the fault of the governor in council in not issuing a directive to the board members, I believe they should resign because they have not only failed the agricultural industry in that department that they should represent, they have also failed parliament. If the administration itself is at fault it can and will be dealt with as the former administration was dealt with last June. The only drawback is that the people of this country can deal with such injustices far too seldom to prevent a number of their group losing out entirely. I trust that the present administration will bring in this resolution with amendments as suggested by the hon. member for Acadia, and that it will not be just so much eyewash or just so much wool being pulled over the farmers' eyes but that it will contain real meat and be of benefit to the farm people and consequently eventually to the benefit of our entire economy.

It has been known for a long time by our economists that whenever a basic industry in any country becomes depressed it affects every other industry. It is also known that unless the basic industries are in a sound financial position, regardless of what is done to bolster subsidiary industries those measures eventually become futile in trying to stabilize the economy of the country. It is most unfortunate for the farmers of this country that agriculture, being a basic industry, is one of the first to be affected by adverse conditions. Agriculture is in the unfortunate position of most basic industries in a country in that when conditions become adverse it is not only the first to be crippled but is usually the one that bears the brunt of the blow. It is also unfortunate that when conditions improve the agricultural industry is usually the last to receive any benefits of any of these improvements. It therefore should be the aim of any government to see that the basic industries, the very foundation of the economy, should be in a sound financial position.

This however, has not been the position in the agricultural industry of this country. It has not been the position, furthermore, for the past several years. The decline in farm incomes during the period of rising costs has at the present time forced the agricultural industry into an extremely depressed condition. I have at hand letters from different farm people and farm organizations. I do not wish to take up the time of the house by reading them all but it is a similar story everywhere. Now I have letters from farm union locals in the Smoky Lake area, that is to say Barich, Smoky Lake, Victoria north bank, Pakan, Edward, North Kotzman, Wild Deer, South Kotzman and the Ruthenia, locals which resolved as follows:

> Resolved that we bring this matter before the House of Commons and bring prices up to a fair value.

The farm union local at Innisfree has this to say:

> Whereas the majority of farmers at the present time are operating at a loss and cannot continue to do so much longer, we resolve that some steps be taken to better the financial conditions of the western farmer.

Now I am afraid that the bill, as proposed in this resolution, will not do that. I can only hope that the bill will be amended and will be different from what is contained in this resolution.

An hon. Member: The bill is different.

Mr. Stefura: The bill is different. Well I certainly hope it is, because this resolution certainly does not contain very many prospects.

I have letters from different farm people and it is all basically the same story. They are all similar in nature and it does not matter whether the letters come from one area or another; whether they come from the Myrnam, Vilna or Redwater areas in the north, whether they come from the Tofield or Mannville areas in the south or whether they are from the Vegreville, Two Hills or Andrew areas in the centre. Some of these people

get a little dividend from the Redwater area but it does not seem to help very much. In talking to these people as individuals, the story is very much the same in that we do need some remedial action.

Now this is not peculiar to my own constituency. Nor does it only apply to a particular section of Canada; it applies generally to the industry of the nation as a whole. It is not a situation which has developed overnight, but it has been one of progressive deterioration until, today, we have a primary industry, the resources of which have come to a point which is causing our farm people a great deal of anxiety. It should be given a great deal of consideration by this government.

Perhaps we should have a look at some of the figures. The net farm income for 1951 was $2,155 million. This is a decline to where, in 1954, we see a drop of 48 per cent to $1,125 million.

Now then, according to the brief presented to the former minister of agriculture by the interprovincial farm union council, the picture in western Canada was even worse. In 1951 the net income was $1,227 million; by 1954 it had declined to $376 million, or a drop in the net farm income of 66.6 per cent. The situation has since improved only slightly. Whereas in 1951 the farm people obtained 13.6 per cent of the national income, by 1954 this percentage had dropped to 6.8 per cent and by 1956 had only increased to 6.9 per cent.

Against this farm income there has been an ever-increasing rise in the farm family living costs. Whereas in 1946 the price index was 100, it has since then been rising almost constantly to a point where in 1956 it was 162.2, and it is still rising. The real income in terms of 1946 constant dollars has risen from $1674 in 1955 to $1686 in 1956—a rise of $12 for the average farm family. All the indications are that when the figures are available for 1957 there will be no appreciable change.

Now this resolution which was brought in this morning by the Minister of Agriculture is going to be based on a three year moving average and there is absolutely no hope that I can see where these people can get out of the situation which faces them today. If we take the three previous years, the net farm income, measured in constant dollars, was $1,674, $1,686 and $1,300 in 1954. So we can expect the average is going to be $1,600. Well it will not even be $1,600 for the farm family in agriculture. Now that is what is being proposed as a basis for prices for farm people in Canada today.

[Mr. Stefura.]

With the ever increasing prices and everything else which must be considered, what chance have the farm people? That is why I believe the Minister of Agriculture should give thought to the suggestions of the hon. member for Acadia in bringing this matter before the agricultural committee in order to consider some of these things thoroughly before the second reading of the bill, where it must be passed in principle.

Farm prices are now and have been over the last several years completely out of balance and unless that balance is restored as between farm prices and farm costs the diminishing buying power of the farmer will be reflected in the entire business life of the country and will contribute to the increasing labour problem to an even far greater degree than is evident today.

We recommended that grain be included among the products covered by the Agricultural Prices Support Act but the minister this morning mentioned that no such thing would be done. We further recommend the full application of section 9 of the present act so as to ensure that the support act will maintain the price of the farm product at a level which bears a fair relationship to the prices of other commodities.

I say this because the farmer today is not competing with the farmers of other lands; the Canadian farmer must compete with the treasuries of practically every other wheat producing country. The Minister of Trade and Commerce mentioned in the house a couple of weeks ago that Canadian wheat was selling for 11 cents a bushel more than was the wheat of any other country. It is interesting to note what our Canadian farmer receives for his superior quality wheat and what the farmers of other countries receive for their wheat. The following figures are extracted from the brief presented to the cabinet on March 9, 1957 by the Saskatchewan, Manitoba and Alberta wheat pools:

Ireland, $2.06; United Kingdom, $2.31; Belgium, $2.56; Japan, $2.59; Austria, $2.63; United States of America approximately $2.08 (it was $2.24); Brazil, $2.85; Germany, $2.73; Italy, $3.05; Norway, $3.43; Switzerland, $4.03.

Those are the prices per bushel. Now with respect to Canada, the price is $1.40 and that is after the farmer has delivered it to Fort William.

Mr. Graham Spry, Saskatchewan's agent general to the United Kingdom, told the delegates of the Saskatchewan farmers union last Wednesday that the subsidy received by the farmers of France was greater than our Canadian sales price. How then can the Canadian farmer compete against such prices in the open market? How can the Canadian

farmer compete against the treasuries of these different countries and against the treasury of the United States, without government support? I hope the minister will see fit to place grains under this act.

We recommend a two-price system; we advocate that support prices be maintained at 100 per cent of parity for farm products sold on the domestic market and that the surplus products be sold abroad for the best price available, preferably under some form of international agreement but covered, in any event, by a price support sufficient to meet the average costs of production.

I believe this has been partially covered by other members of our group but, in view of the fact that 94 per cent of all farm products, excluding wheat, are sold in Canada, it would mean that farmers would receive 100 per cent of parity for 94 per cent of their products, again of course excluding wheat.

In regard to wheat, approximately 80 per cent is sold abroad and 20 per cent in the domestic market. Therefore, 20 per cent at parity of $2.37 per bushel, which I believe was the figure mentioned, and 80 per cent at the ceiling of $1.95 per bushel—under the international wheat agreement—would give the farmer a support price of $2.01.

Those who believe such prices would create surpluses to an even greater degree than we have today—I believe something along this line was mentioned by the minister this morning—entirely miss the problems of agriculture.

The Food and Agricultural Organization, whose meetings the minister himself attended in Rome not too long ago, is on record as holding the opinion—though this statement has been made earlier—that surpluses exist only in relation to purchasing power and not in relation to the actual needs of human beings. The problem was in the distribution of these surpluses. Numerous people have expressed this idea, and if I have read the record correctly, hon. members in this group have done so in the house ever since 1935.

The latest person to express such a view was none other than the Prime Minister himself, as reported in the Wheat Pool Budget of August 16, 1957, when he said:

> To those who think that in agriculture we have arrived at a point where we need no longer expand I say to you this: I learned one lesson at the commonwealth conference in London. We must expand our agricultural development. With one quarter of the world's population going to bed hungry at night, methods must be found to enable the distribution of our surpluses to the end that happiness will come to the peoples of the world.

These are not the comments of a wheat pool delegate or an Alberta farm union official, they are the words of the present Prime Minister spoken to 11,000 people at the opening of the Saskatoon exhibition on July 22.

I should like to turn briefly, now, to a problem in relation to cattle about which I cannot agree with the Minister of Agriculture. On November 14, I addressed the following question to the minister, as recorded in *Hansard* at page 1106:

> In view of the drastic drop in livestock prices, has the government been in consultation with representative farm organizations to arrive at a definite formula for adequate price supports? If so, will such a formula be proposed for enactment this session? Is the minister aware of the urgency of such legislation, and does he intend to introduce such legislation without delay? And being aware that the small producers are planning their next year's production now, is the minister prepared to issue any directive to the farmers of Canada today?

When the minister gave me his answer that day I thought for a while that he was deliberately evading the issue, or maybe he was trying to make me sound a little silly, but after hearing today's resolution I realize that that was not the case.

The Acting Chairman (Mr. Rea): Order. I must advise the hon. member for Vegreville that his time has expired.

Mr. Pickersgill: Mr. Speaker, some members of the committee will be rather surprised that I should rise to speak on this resolution which has to do with agriculture, because I do not pretend for a moment that agriculture is one of the important industries in my constituency though there are two of the more important agricultural settlements in Newfoundland in my riding. But I assume that the legislation which the Minister of Agriculture is proposing to introduce, based on this resolution, will replace the agricultural prices support legislation which was put on the statue books by the late Mr. Mackenzie King's government in the last years of the war, and I rise primarily to express the surprise of all those hon. members—in all parties, I am sure, though they are mostly, I am glad to say, still in ours—who represent fishing constituencies. Since this resolution was placed on the order paper I asked the Minister of Fisheries whether a similar resolution would appear on the order paper with regard to fisheries, and got the informative answer so characteristic of the present government that this was a matter of government policy which would be announced in due course.

An hon. Member: Wasn't that always your answer, too?

Mr. Pickersgill: I think it is quite clear that there is no intention on the part of this

government of introducing legislation of a similar character having to do with the oldest of all the industries in Canada.

Mr. Mackenzie King—and I remember this situation very well, because I was one of the members of his staff at the time—insisted when the proposal for agricultural prices support was being considered by the Liberal government during the war that whatever was done for the farmers should be paralleled by something done for the fishermen, if the situation warranted it, and the fisheries prices support legislation was introduced and enacted by parliament at the same time. It is quite astonishing that this legislation should be introduced without that example being followed, or it would be quite astonishing if it did not seem to be rather characteristic of the attitude of the present government toward the fishing industry from the beginning.

I was sorry when I read in the St. John's *News* on July 8 of this year a report of the Prime Minister's famous, and I think I may say reckless, press conference when he came back from London before he went to see his colleagues, and I am sure some of his colleagues, such as the Minister of Agriculture, must wish he had seen them first. The Prime Minister was talking to the press at that time about the proposed European free trade area and he said according to this report—

Mr. Harkness: Mr. Chairman, on a point of order. This has nothing to do with the resolution which we are discussing and I respectfully request that you prevent the hon. member from going on to a trade discussion and to a discussion of what the Prime Minister said in connection with trade or other matters of that kind and about the fisheries questions which have no connection with the resolution now before the committee.

Mr. Pickersgill: On a point of order, I understand that this resolution is asking the house whether it is expedient—not dictating to the house, though that seems to be the attitude of hon. gentlemen opposite—whether we are prepared to go along—hon. members on this side of the house were elected just as hon. members on the other side were elected—and give our approval—

Mr. MacInnis: Where did you get elected?

Mr. Pickersgill: When the hon. gentleman gets 87 votes out of 100 in his constituency he can ask questions like that of me.

Mr. MacInnis: Go back home and see what you get there.

Mr. Pickersgill: I can tell the hon. member this—

Mr. Harkness: What is the point of order.

[Mr. Pickersgill.]

Mr. Pickersgill: The Minister of Agriculture is quite right. I will come back to the point of order. I should not have let myself be diverted. The point of order raised by the minister was that it is irrelevant to speak about fisheries on this resolution. I say it is not. It is relevant for any member to get up and say that if one particular course is going to be taken in this parliament, when leave is being asked to take that course, it is in order to ask that they should at the same time take another course. But I am willing to leave my argument there, and say it is quite obvious that the government is completely indifferent to the fishing industry.

There is one other thing I have to say about which, I think, the minister will raise no objection on a point of order. I should like to be very brief because I wish to finish before six o'clock.

If this resolution does not mean anything as the hon. member for Rosthern and other hon. members have suggested then there is no point in what I have previously said, but if it does mean anything then it means that something new is going to be done for the farmers that is not being done at the present time.

I am the first to admit that in an economy in which the secondary industries enjoy a considerable measure of protection even today the agricultural industry does deserve, did receive and should continue to receive some similar consideration, but the agricultural industry is only one of the primary industries of the country and I would hope that in any legislation that is brought forward and in the administration of that legislation an effort would be made to give that support in such a fashion that it does not result in putting higher charges upon other sections of the community. I am greatly impressed, in fact, by what the hon. member for Rosthern brought up from the federation of agriculture.

It seems to me that difficult though this suggestion about deficiency payments is it is nevertheless along the right lines because, as the Minister of Agriculture properly pointed out and I agree with him in this, if price supports are too high they do result in a discouragement of consumption and in the accumulation of surpluses for two reasons which I will not enter into now. Then you have overhanging the market these surpluses which tend to depress it.

If on the other hand another technique is used, if the price structure is not interfered with, you avoid two difficulties. I admit that you have a lot of other difficulties but you do avoid the difficulty of sending prices up so that consumption is discouraged

with resulting surpluses and you also avoid the difficulty of having to stop imports because if the market is allowed to determine the price it will be possible to meet the competition from outside.

It seems to me that this is particularly important for those of us who represent constituencies like mine where the whole population depends on exports to world markets at world prices. It is most important that their costs should not be increased further at the expense of someone else. Milk powder is a very good example because there is practically no milk produced or available in my constituency and the only way in which almost everyone in my constituency can obtain milk is in the form of milk powder or canned milk. I recognize that there are times when milk powder does not bring a decent price to the farmers and I do not say that the farmers should have to suffer for it but if you put a price support on, what are you doing? If you send the price artificially high you are making the fishermen of my constituency and the primary producers of many other places who have to sell on the world market pay well above the world price for milk for their children.

Mr. Harkness: Who put this support on? It was you people who put milk under price support.

Mr. Pickersgill: I admit that and of course we had a lot of other supports but what I am saying is that if, on the other hand, a technique of using deficiency payments could be worked out so that the price of milk is not raised to other primary producers, what is produced will tend to be consumed more rapidly and there will not be the danger of surpluses and the farmer, if the deficiency payment is properly calculated, will be just as well off. It is primarily because of the interests of primary producers—and of course I could have cited forestry workers and other workers who are having a difficult time, some of them with smaller incomes even than the farmers—that I felt it was not inappropriate for me as the representative of a constituency in which there are really only two considerable occupations, fishing and logging, to say something about this resolution.

Mr. Barnett: Mr. Chairman, I wonder if the hon. member for Bonavista-Twillingate would permit me to ask a question?

Mr. Pickersgill: Certainly.

Mr. Barnett: I would like to ask the hon. member if he could tell us in a word what he thinks is lacking in the present fisheries price support legislation and the lines on which he thinks parliamentary action should be taken at this time?

The Acting Chairman (Mr. Rea): Order. The Chair does not think that is a proper question to raise at this point.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Milligan: Mr. Chairman, I appreciate the opportunity of making a few remarks in favour of this legislation. Many of those who are closely connected with agriculture have been waiting with much interest for this legislation to be presented to the house. I wish to express my appreciation and congratulations to the minister for the able manner in which he presented this legislation today. I think it was done very well. I feel, as many others do, that this is emergency legislation. Those engaged in agriculture find themselves in a squeeze between rising costs of production and lower prices for their products they have to sell and this puts them in a very difficult financial position.

The Canadian Federation of Agriculture, the interprovincial farmers union and many of the commodity groups have been pressing the Minister of Agriculture as well as other members of parliament for greater assistance to agriculture. The Canadian Federation of Agriculture presented a brief to the cabinet in July and again on December 6. The interprovincial farmers union presented a brief in August as did the Ontario federation of agriculture on November 26 with representatives of all commodity groups in Ontario. These agricultural organizations are concerned about the future of the industry. I am sure they are waiting with great anticipation for this legislation.

The legislation we have had in the past, introduced by the former government, did not give us the security that we were looking for, and I am sure that farm people today will feel that a formula will be written into this legislation that will give them some security as to how floor prices are set. It has been my privilege as a member of delegations representing the Canadian Federation of Agriculture to appear before the former minister of agriculture on many occasions to ask for measures to improve conditions in the industry. Others have made presentations in more recent years with no greater results than in former years. I am sorry the hon. member for Melville is not in the

house tonight. I have always respected the opinions of the hon. member, for he has always been closely connected with agriculture. I had the feeling that he was aware of the problems of agriculture and knew the measures that were required to correct them, but that without the support of his hon. colleagues he was unable to implement them. I had expected to see a complete change in the hon. gentleman in his approach to agricultural policy. I listened with much interest to his remarks this afternoon but most of them were simply the same old speech that I have listened to on so many occasions.

Mr. Gardiner: I usually say the same thing twice because it is right.

Mr. Milligan: Using gross income figures for agriculture gives a completely different picture from net income figures. When he uses figures indicating the return to agriculture in 1935 compared with 1955 it is most ridiculous because conditions in 1935 following a depression were quite different from 1955. This certainly misleads the public to believe that agriculture is in a very prosperous condition.

I should like to use some more recent figures I have here and I want to compare 1946 with 1956. The net income of farmers in 1946 was $1,139 million while in 1956 it was $1,573 million or an increase of about $400 million. In 1946 the price index was established at 100 but in 1956 the price index for the commodities farmers buy stood at 162.2. In other words, in 1946 the income per farm amounted to $1,677 while in 1956 it was $2,735. Taking the real income as represented by the buying power of the dollar, in 1946 it was $1,677 and in 1956 it was $1,686. So you see that having regard to the buying power of the dollar the return to agriculture has been slipping year by year.

I think the hon. member referred to the increase in the inventory of machinery, which is quite right. We certainly have a greater inventory of machinery today than we had in 1935 because 1935 followed a depression and conditions were quite different then from what they are today.

Mr. Gardiner: Following a Conservative government, you mean.

Mr. Milligan: Since that time we have been forced to buy implements to do our work because we were unable to compete with other industries in the labour field. The result is that there are fewer people on the farms today. The 1951 census listed 623,091 farms while the 1956 census listed 575,015 farms, a decline of 47,076 farms in that five year period or approximately equal to the total farm population of the province of Manitoba.

Agriculture is such a diversified industry in Canada that it is very difficult to adopt legislation applicable to all sections of the industry. Some of the better features of this legislation are that its flexible floor prices can be adjusted from time to time as the need for support of the different products becomes apparent.

It is obvious to all that agriculture has been the forgotten industry. Many thousands of farmers have been forced to supplement their incomes by finding jobs in industry. This in turn has taken many jobs away from others not engaged in agriculture and is partially responsible for the unemployment situation at the present time. I think I can safely say that in the province of Ontario 50 per cent of our farmers are supplementing their incomes by working in industry. The Canadian Labour Congress recognized the position of agriculture in their brief to the government, and I want to read one paragraph.

> We are alarmed by the drastic fall in farm income. This is bad for the farm people, most of whom are far from rich, and who still make up one-sixth of the Canadian population. It is bad for the economy generally . . . Canadian labour will fully support anything the government can do to restore the purchasing power of Canadian farmers.

This legislation probably is not as strong as many would like to have it but it certainly is the basis of the kind of policy for agriculture that will give the much needed support and security to which the farmers of Canada are so justly entitled. I would appeal to all members of the opposition to allow the legislation to pass the resolution stage as quickly as possible and without too much debate. This to me is emergency legislation. At this time we are not in a position to discuss it intelligently but if we pass the resolution stage we will be in a better position to discuss the very important issue in a much more intelligent manner. I believe this legislation is very important to the whole economy of Canada. I am not going to take any more time now as I hope to be able to take part in the debate at a later stage.

Mr. Campbell (The Battlefords): Mr. Chairman, the last speaker said he thought this resolution should go through quickly and there should be no debate on it. I feel that is not the case. I think this problem needs a lot more discussion so that the government will know exactly what the farmers' situation is. The Prime Minister comes from an agricultural province and he promised, during the election campaign and for years before

that, that if he ever got an opportunity the farmers would receive their fair share of the national income. I have carefully read the resolution which is before us, and I could read it again but I do not think that is necessary. It is quite lengthy but I might point out there is not a single word in it which indicates the farmer will get his fair share of the national income under this measure.

The resolution says, in part:

That it is expedient to introduce a measure to establish a system of guaranteed prices for certain agricultural commodities—

What does that mean? These guaranteed prices could be away below parity. There is nothing that says they shall be up to the point where they will give the farmer his share of the national prosperity. I, for one, am greatly disappointed. When I left home in October to come down here a lot of people in my constituency said to me, "Give the government a chance; give John Diefenbaker a chance". On many occasions I have remained in my seat when I would have liked to take part in the discussion. I have been waiting and hoping that when this legislation, which was mentioned in the speech from the throne, was brought down we would have something that would give to our farmers what they have been looking for for many years. I have been fighting for a square deal for the farmers for 40 years. I fought the Liberals for a good many years. When we got them out of the way I thought we would have some hope with this new government because they would want to make themselves popular out in the country amongst the farming people. We hoped this government would bring forward legislation which would give to the farmers their share of the national income.

I feel very strongly about this. I feel so strongly, in fact, that if the Minister of Agriculture cannot persuade me, between now and the time we have to vote on this resolution, that the measure will be effective I feel inclined to vote against it right now. I cannot see a great deal of improvement in this measure over the old Agricultural Prices Support Act. As I said before, I am disappointed that the government has not seen fit to take steps which would give to our farmers a square deal. The hon. member who preceded me said there was no need for discussion. I might point out that I have lots of figures on my desk, but I am not going to go over them. Surely there have been enough figures put on the record today, during this session and last session and for the past five years, so that every member who has been here for any length of time knows what the problem is.

From 1951 to 1955 there were some 47,000 farmers who were forced to leave their farm homes. Since then there have been probably another 3,000 or 4,000. This means there have been over 50,000 farmers who have had to leave their farms during the last six years. What does that mean to our economy and to our farming districts?

I am more familiar with the situation in Saskatchewan than in the other parts of Canada. I have a very good friend who sits on the government benches, who is a farmer coming from Ontario. I have discussed the farm situation with him a good many times, and he has told me that there is hardly a young man left on the farms in Ontario. I have seen many vacant farms when I have been driving through this province.

There were two reasons why the farmers left the farms during the last six years, and one of them has been the cost-price squeeze. The other reason has been mechanization. The smaller farmers and even the middle-sized farmers have been forced out of business. If they had been getting fair prices they would have been in business now. What is the result of all this? Our country schools are closing down. In our own province some thousands of schools have been closed in the rural areas. This situation is spreading into the villages and towns today. There are many villages in my province in which the schools have had to be closed because there have not been enough children to support the schools. The children now are taken by bus 15 or 20 miles to a point where there is a school.

It is not only the farmers who are affected but the businessmen. What is happening to the small businessmen? I wish the Minister of Agriculture would take a little time off and drive through some of the little towns to see what is happening to the small businessmen. They are closing their doors, and there is hardly a village in western Canada today that has not some empty stores in which businesses had operated profitably for years. All at once the population disappears, and they have to go out of business. This is a serious problem. As I said before, I am disappointed that the government has not seen fit to introduce the legislation which they promised would give the farmer his share of the national income. Until the government does this, the government is not going to be supported by the farmers of this country.

Mr. McLeod: In speaking on this resolution, I am doing so on behalf of a very large agricultural section in my area. We have a district which covers a lot of the aspects of agriculture. We raise some grain, and in fact we raise more grain than is required by the area so we ship it out to different parts of

British Columbia. We raise a considerable amount of hay for which, by the way, we have no market this year as the result of a heavy influx of the United States product. We have vegetables and fruit and of course everything that goes to make this one of the finest parts of Canada.

However, these people have their difficulties, and like many other farmers and growers from one side of this country to the other they paid a certain amount of attention to the promises that were made some months ago by those who now sit in the government. They were looking forward with a great deal of hope, and with considerable optimism, feeling secure in the knowledge that some of these promises would be kept. I think, too, the members of this house looked forward with a degree of optimism when we saw this resolution on the order paper and when we had been told continuously by leaders of the government that we should proceed with all haste and not waste the time of the house so that this great piece of legislation, this cure-all for the ailments of the farmer, could be presented. It was presented this morning. I am satisfied that every member of this house, except the most partisan, was keenly disappointed.

We listened to the words of the minister in explaining that resolution. I am going to say that this resolution looked quite good but the more he explained what actually was intended to follow, the worse it seemed to get. He used a couple of phrases that stuck in my mind. One of them was that this is most important in its implications. As far as implications are concerned, I do not think it is going to have any serious implications because it will in no way affect the price of the products and will in no way do what it is supposed to do, namely increase the amount of money which the farmers will receive for their products.

Of course it may have implications in a couple of the things which are proposed. One is a board and the other is an advisory committee. I am one who believes that the less the government interferes in the industrial life of a nation, the better that government is. Whenever I read about boards and advisory committees, I am just a little bit fearful. It reminds me of a statement that was made by a past president of the National Dairy Council of Canada who said that under various guises of assistance we are slowly being led more and more toward socialism and a socialistic state. The only implication which I see in this bill and upon which I look with a certain degree of fear is the appointment of boards and the appointment of advisory committees. Are we to assume that this advisory committee is going to tell the farmers what to plant, how much to plant and so on? That could be one of the implications. It could mean further regimentation of the farmers and I believe we have too much of that in this country at the present time.

Another thing which he said—and in this I agree with him 100 per cent—was "I do not maintain it is a cure". I do not think it is even a panacea that you could give any credit for in any way whatever or by any stretch of the imagination. Then he mentioned something about the base price for any commodity and he said, "I want to stress that word 'any' ". I note that the minister is not in the house but I should like attention to be given to this question. When he speaks of a base price for any commodity I cannot help but wonder what action would be taken with regard to perishable products that are raised to such a great extent in our area. I am thinking of tomatoes which must be picked at a certain time or else. I am thinking of peaches, cherries, small fruits and the like of that and many vegetables. What is the action of a government board going to be with regard to removing a surplus of those products from the channels of trade and to supporting the price for them? I am just curious. I should like to know how it is going to be worked out.

Then in the case of overproduction—and that is a very ticklish question—what is to happen? There are a great many ideas about overproduction. We hear that there can never be such a thing as overproduction so long as people are going to bed hungry; and of course that is perfectly right. Technically it is sound. But nevertheless I maintain that there is overproduction when you have produced more than the home market can absorb and, on top of that, more than can be sold in the international markets of the world and then more than the people of Canada can afford to finance for the use of those unable to buy their own supplies. When we have reached that stage we have reached overproduction. It is quite possible that such a thing could happen.

These are some of the things that made me wonder what is going to be the result of this legislation that is supposed to cure the farmers' problem. We know that the farmers have a problem. We know that agriculture needs the attention of the government. However, it is not temporary policies that are needed. We have waited for so long for a cure that I think we shall be well advised to take a little bit more time at this period and see that the legislation which is approved by this house is really a cure for the troubles that are facing agriculture today. I maintain that the only way in which that can be done is as has been suggested by so many who have spoken and as

was so ably done by the hon. member for Acadia this afternoon, and that is to see that this legislation is presented to the committee on agriculture of this house and that that committee is given ample time—not just the time between now and Christmas but all the time that is necessary—to see that proper and thorough consideration is given to any plan that will, we hope, assist agriculture and put it on a sound footing for years to come.

I think we are all in agreement with some few words that I am going to read from a book written by Lauren Soth. It is called "Farm Trouble". It is quite a simple title, is it not? There is certainly a great deal of trouble on the farm and among the farmers of the world today. Lauren Soth was born in Sibley in the United States 47 years ago and studied agricultural journalism at Iowa State College. He has been an associate professor at Iowa State College and editor of *The Agricultural Situation* in the United States Department of Agriculture and has held various positions in that department. I am telling hon. members that just to give them confidence, as I have, in some of the statements which he has made. In his last paragraph in the book he says this:

Americans—

I think we can substitute "Canadians" and agree 100 per cent with the wording as it is here.

—want farming to be a healthy industry and a satisfactory way of life. They want farmers to be paid by society in proportion to their contribution to society, as urban workers are. The same amount of skill and productivity ought to command the same income whether in farming or in steel making. But Americans do not want to adopt rigid government controls aimed at achieving this equality if these should mean sacrificing the initiative, the independence, and the freedom of the farm family.

With these words, Mr. Chairman, I think we are all in complete agreement. I do not believe that there is in Canada any other class of people or any other individuals who are so proud of their individual initiative and so jealous of their rights as individuals in this free enterprise economy. I am sure that it would be a sorry day whenever any government tried to regiment and to control the farmers of this country in order to give them what they think might be some assistance. The author of this book also has this to say about assistance at page 193:

If farmers are to receive income supplements, beyond what they receive in the market, then those supplements should be direct and unrelated to particular commodities.

After reading that statement, it is my opinion that this man must have made quite a study of Social Credit policy because that sentence is a clear-cut statement agreeing with the whole Social Credit belief on national dividends. It is also a condemnation of direct subsidies and direct assistance in certain commodities that are put on the market for the nation. I am going to read that statement again:

If farmers are to receive income supplements, beyond what they receive in the market, then those supplements should be direct and unrelated to particular commodities.

This whole book is a very thorough review of what has taken place in the United States of America during the past 20 years and the various plans that have been adopted and tried out in order to improve the position of agriculture.

Now we are told after 20 years and after an expenditure of $6 billion that agriculture is in just as serious a position in the United States today. That is the plan to which the minister said this morning he had given such careful consideration—he had found some mistakes which he hoped to rectify. Well that is very good news, but according to this writer, who has made a very careful study of this whole situation, it has been just one series of mistakes after another.

Mr. Zaplitny: Would the hon. member permit a question at this time. I do not mean to interrupt him when he is developing his point, but did I understand him to state that the Social Credit policy is one which is opposed to direct subsidy on particular commodities?

Mr. McLeod: I am not saying that. I am agreeing with this, that the better way to give assistance is by means of a national dividend, and that is the only statement I make. I am not going to become involved in a discussion on Social Credit policy, but that is something in which we believe. I would like to say a few more words, however, on this question of the farming troubles at the present time. In the end, it is one way of seeing that those people whose incomes do not reach a certain level are provided with sufficient to guarantee them the necessities of life.

Now we go on to consider what is the duty of the government. I was quite interested in a little booklet the other day, put out by the Canadian chamber of commerce, and on page 4 therein we find this statement:

It believes—

Here it is speaking of the chamber—

—that the role of government in economic affairs should be to stimulate development, to ease the impacts of economic fluctuation and to prohibit anti-social excesses.

Now that is something with which we can thoroughly agree. Of course, we have at the

present time a condition in agriculture which does deserve consideration and which results from the impacts of economic fluctuation. We believe the position in agriculture today is due to the policies of this and the preceding governments in not bringing about the proper development of agriculture in this country in comparison with other industries which are developing at the present time.

My memory goes back quite a few years ago to the very first election in Canada of which I was aware, and that was the great reciprocity election of 1911. At that time I was not old enough to vote but I had just finished high school and thought I knew it all. Despite the fact that I had been raised in a very strong Liberal household, on that occasion I disagreed with those policies and felt that the imposition of a tariff was the only way in which we could develop and foster industry in Canada.

That was, as I say, my belief at that time and I know that very serious debates were then taking place regarding trade with England, trade with the United States and so on. In fact, when you see what is going on today there is quite a parallel between that year of 1911 and 1957. Be that as it may, a tariff policy developed in this country over the years which gave support to industries in Canada, with the exception of agriculture. Furthermore, by giving support to these various other industries it also tended to increase the prices of many things which our farmers had to buy in order to carry on their production.

I am just putting this forward as a suggestion; we are all trying to find a solution, but I am just wondering if the mistake did not occur in those years when we gave protection to all other industry in Canada by means of a tariff, but failed to do so in the case of agriculture. I can see no difference between a factory which is turning out a commodity for the retail trade and for the use of the people of Canada and the farmer who is turning out, or manufacturing if you will, commodities also for the use of the people of Canada. We have on the one hand industry protected by tariffs and on the other hand we have the farmer without any such protection.

We are also in agreement with the idea that tariff restriction and trade barriers should be done away with just as quickly as possible, but I still think we have to be realistic about the situation so long as we are living in a nation and in a world where tariff barriers do exist and where they are likely to continue to exist for generations to come. I think this fact must be considered, and I therefore make the suggestion that, if this problem ever gets before the agricultural committee, would it not be well that this government and this parliament should consider some method by which assistance could be given to agriculture by way of tariff protection.

There are many instances which I could cite right in my own area. For instance, when the influx of soft fruit from across the line gets too serious we then have seasonal tariffs imposed. We deal with the case of vegetables in the same way. I am wondering if it would not be a good idea to have that kind of planning extended to give greater protection to other commodities.

As I said, we have these problems in other parts of the country. There is the question of hay. In my own area, which is the northern part of Okanagan, I understand according to word recently received, that we have 2,000 tons of hay for which the growers cannot find a market. This situation prevails at a time when hay is still coming into our Fraser valley area—the coast area of British Columbia—from the United States. It is being trucked across on large trailers and delivered direct to the farmer. They even have elevators which will put the bales up in the farmer's hay loft, and that hay, after paying a duty of $1.06 per ton is delivered right to the farmer's barn—

An hon. Member: Not to the barn; they will get there though.

Mr. McLeod: No we have not got that far yet. Here is what our growers in the northern Okanagan area are up against if they try to compete with that. I have the figures here, although I am not going to waste the time of the house by giving them in detail. It is estimated that, including the cost of baling and piling the bales in the barn—that is stored on the home farm or in the field—loading in the car if it is shipped, depreciation on irrigation equipment, and labour with respect to irrigating, land tax per acre, mowing and raking and the freight which is $11.40 per ton—just think of that, $11.40 a ton to take one ton of hay from Okanagan to the Fraser valley—the total cost of production is $25.75. If our growers are going to complete with the Americans and sell their hay for $31 per ton delivered —and that is just on the car; it is not put in the farmer's barn but delivered on a car at the railway station in the Fraser valley—they are going to have $5.25 per ton left. That $5.25 a ton does not include any charge for the farmer's overhead or any charge for the preparation of the land that has been seeded to hay, the cost of the seed and so on.

Then there is no allowance made for bad weather which we sometimes experience in the Okanagan, and so farmers lose their crops. This is what farmers are up against. There is a tariff of $1.06 a ton. Why can that tariff not be raised so that the farmers in the Okanagan can supply hay, and compete with the United States grower in the Fraser valley? I am throwing this suggestion out for consideration when this bill comes before the committee on agriculture.

There has been a lot of discussion about taking land out of production. We maintain that it is not humane to curtail the production of food as long as there is hunger in the world. Nevertheless, I am going to read part of an article I got from a newspaper yesterday. It appears under a Washington dateline, and it reads:

> The committee for economic development says more land and people in the United States need to be taken out of farming.
>
> Present price-depressing surpluses and the low level of income of many farmers reflect the existence of too much productive capacity, the CED said yesterday in a report prepared by one of its committees.

And this report goes on to say:

> The CED is a private research agency sponsored by 150 leading industrial leaders and educationists. Its declared purpose is to help boost United States productivity and standard of living. CED describes itself as a non-partisan non-profit organization.

There is some doubt with relation to the amount of land which should be under production, and it is the opinion of this committee that it should be curtailed. The problem arises: How are you going to do this and what means are you going to adopt? This is another subject which should be discussed and agreed on by the committee on agriculture before any legislation is presented for adoption.

So, Mr. Chairman, I make a strong plea that these matters should be considered in committee. We are now laying down plans which we hope will be permanent; we hope they will do the job which is necessary, and which it is intended they should do, that is to place the farmers of this country on a par with their neighbouring cousins in towns and cities, and on a par with the industrialists and manufacturers who are doing such a fine job in putting before us the necessities of life which we can produce in such abundance.

Mr. Phillips: Mr. Chairman, in rising to support this resolution I must first express my pleasure that the government has deemed it advisable to introduce a measure designed to alleviate the distressed financial condition of our farmers, a situation which has developed through the neglect of the previous government during the past number of years. The farmers in my constituency work extremely long hours at difficult work and have considerable investment in their farms and equipment and I feel they are entitled to some financial security.

We have recently heard numerous speakers in this house discuss alleged lay-offs in certain industries. A great deal of this can be attributed to the low financial return received by the farmer in the past number of years. Every farmer who suffers a loss on his farm is a potential customer lost for the products of our factories. Therefore, I feel that each and every Canadian should share a desire to improve the income of our farmers. Farming involves two unknown factors; first, the uncertainty of crop yield; secondly, the uncertainty of a profit, and indeed worries concerning loss on the year's activities. I feel this was illustrated when a farmer recently told me that he required a new tractor but he hesitated to purchase it as it might require one-half of his year's profits, or it might even require his full financial return for the year. This, I think, indicates the need for universal support for farm prices.

However, in supporting this resolution, I wish to make it clear that the establishment of price supports is not a complete cure-all for the serious problems facing the farmers of the maritime provinces. Due to our geographical position which has placed us at a considerable distance from the markets of central Canada, improved and cheaper transportation is a necessity. The tremendous increase in freight rates since the end of the second world war has strangled our farmers both in the sale of their farm products and again in the purchase of the materials manufactured in central Canada. The farmers of Canada during the past few years suffered from the heavy importation of farm product from other countries, notably the United States. It required fourteen years of protests to persuade the former government to impose a tariff on potatoes entering Canada from the United States. I am pleased with the progress made by the present government in this respect, and urge the hon. ministers of agriculture and finance to keep this matter under constant surveillance.

A system of guaranteed prices is essential, due to the difficulty of obtaining loans in order to become properly established in the farming industry. We hear a great deal of talk of the impracticability of farming on small units. Yet it is impossible for most farmers to obtain loans to purchase equipment and additional farm lands. This government has provided additional money for housing with low down payments and long terms. Why not provide the same generous

down payments and long term loans for farmers? The farm loan board needs a thorough house cleaning and revision. Too much delay is experienced in the processing of loans and no recognition is made of the fact that a farm being purchased by a son is more valuable if located close to his father's farm, thus enabling him to use much of his father's machinery.

Small farmers are instructed to remain on the farm and not engage in outside employment. This is often necessary in order to provide an adequate living. This summer I received a complaint from a farmer who was unfortunate enough to lose a large barn by fire. A loan of $400 was outstanding on the barn and buildings, and the farm loan board refused to release any insurance, even above the $400 loan. Instead the farmer was instructed to borrow money to rebuild his barn, the farm loan board would provide piecemeal repayments on the loan from the bank. Such high-handed bureaucracy has no place in this country.

Another difficulty in farming is that of obtaining farm help. I should like to see the benefits of the Unemployment Insurance Act extended to farmers on a voluntary basis. This would alleviate this difficulty to a certain extent.

I feel an adequate farm price support price policy should include the following points: one, cost of production plus a margin of profit; two, maintenance of the farmer's level of income, which would provide him with a purchasing power comparable to that of those engaged in industry and workmen; three, prevent prices falling to a ruinous level; four, the policy should be flexible; five, the funds should be readily available to the farmer.

I do not feel that the first three points require any elaboration or explanation. However, I should like to make a few remarks on the fourth and fifth points. Flexibility is essential, since this is a new experience for the government and the farmer. Great difficulty has been experienced in other countries which have tried similar legislation. Much of the difficulty has been due to the fact that the policy was a rigid one and did not readily permit of change. I am aware of and appreciate the long, arduous hours of work which cabinet ministers have spent on many subjects during their short term of office. Each and every one of the new members would like more time to study this problem. However, the previous government permitted the situation to deteriorate to such a serious level that immediate action is necessary. I cannot imagine any plan meeting with universal approval and, indeed, we may expect that some aspects of the program will require modifications in the future. Therefore I suggest that the legislation be of a flexible nature.

The fifth point is based on past legislation. A revolving fund was established by the previous government. However, it revolved in such a manner that very little of the fund was left circulating in the farm economy. Numerous requests and submissions were required to get consideration, let alone aid. A few years ago the potato producers of my province and the province of New Brunswick received some slight aid. When the request was again presented the previous government informed the potato producers that they had lost money on them, and made the new offer of assistance at such a low level that the offer was rejected by the producers. Mr. Chairman, money for assistance to the farmer serves no useful purpose in a showcase; it must be readily available to the farmer.

Farming in my constituency is based largely on the growing of potatoes. This is a perishable crop and cannot be stored and permitted to pile up as wheat has accumulated in the west. Therefore, special consideration for problems arising from the production of crops such as potatoes must be given by the advisory board. I feel a guaranteed substantial payment on limited production, that is, a specified number of bushels, which would leave the farmer free to grow as many potatoes as he wishes for export and home consumption, would be in order. This would provide greater assistance for the smaller farmer, and impose no restrictions on the growers, and it would prevent the accumulation of huge surpluses.

The potato industry is the main source of income in my province, and therefore I would urge the Minister of Agriculture to include a potato producer on the advisory board as provided for in the resolution.

Mr. McMillan: Mr. Chairman, I am interested in seeing that all segments of our Canadian population receive their proper share of our gross national income.

I listened to the minister very attentively and heard his definitions of moving base prices, floor or support prices and guaranteed prices. I surmise that this government will make use of the floor or support prices, just as they can now under present legislation. I listened to the hon. member who has just taken his seat when he spoke about the higher farm prices. I presume that that can only be done under this legislation by increasing the support prices. If I interpreted the minister rightly, I would think this legislation allows three further things to be done: first, to increase the revolving fund from

$200 million to $250 million; second, to figure out a base price from the average price of farm commodities for the preceding three years; and from this base price establish a guaranteed price, that is, take 80 per cent of this base price and call it a guaranteed price.

Mr. Harkness: No.

Mr. McMillan: Is that not right? That is my understanding.

Mr. Harkness: It could be any percentage.

Mr. McMillan: I see. In any case, after the bill receives second reading it should be referred to the committee on agriculture.

This evening I want to refer to fruits and vegetables. I come from the Niagara district where many fruits and vegetables are grown. In looking over the former legislation and former discussions in this house back over the years, I see that it has been the concern of many governments. I refer to the marketing troubles of the fruit and vegetable growers. I noticed in reading over old *Hansards* that the Hon. J. D. Chaplin, who was the member for Lincoln and the minister of trade and commerce in Mr. Meighen's administration, spoke at considerable length on fruit and vegetables. In the main, these producers were generally at a marked disadvantage against competition from similar fruits and vegetables from the United States where the season is always more advanced and consequently the fruits and vegetables from there reach the market sooner than ours.

Hon. Charles Dunning, in introducing his budget on May 1, 1930, said that seasonal tariffs alone were not applicable to Canada because of its extremes of distance, latitude and the climate. After a careful study at that time he decided to put on two duties, an ad valorem and specific duty. He hoped that this combination of duties would meet, first, the urgent need of the producers and help them to establish their prices at a time when they had an acute instability of price and, second, he hoped also that it would at the same time guarantee to the consumers that they would have these products at reasonable prices at all seasons of the year.

This combination of duties was intended to give our fruit and vegetable producers the greatest protection at the time of the harvest of their primary products. The time of application of the double duty was made to correspond with the Canadian harvest of the particular fruit or vegetable on which protection was meant to be given. As an example, if peaches ripened and were harvested over a nine weeks period the seasonal duty applied for nine weeks. This type of protection was given to different fruits and vegetables for a certain definite period for each and the beginning of a period was generally announced in advance by the government after consultation with the growers themselves.

These flexible periods of extra seasonal tariffs do not always work out to the advantage of the growers. We had an example of this last spring. Our asparagus was ready for harvesting before it was expected and much United States asparagus was being imported right up to the time our asparagus was ready for the market. I was told that the former minister of finance, Mr. Harris, made the seasonal tariff period correspond with that asked for by the growers themselves. But we had a particularly warm spell and our asparagus was ready early. Often our growers cannot be expected to foretell the beginning and duration of any particular harvest because of our weather which varies from year to year. For this and other reasons which I can best illustrate with the harvesting of peaches, the duration of the time of application by the government of the various seasonal tariffs on the different fruits and vegetables is not sufficiently long.

As I said earlier, peaches have a seasonal tariff period of nine weeks. This is not long enough, for two reasons. The first one is modern refrigeration. Because of adequate cold storage, peaches can be imported into Canada before ours are ripe and can be kept in cold storage and compete with our early varieties. At the end of the season peaches can be stored in cold storage in the state of New York and those peaches are subsidized. Often when there is a large crop there peaches are brought into Canada right after the seasonal tariff is removed. I have seen this happen. In past years I have seen our canners in the Niagara district canning United States peaches that were admitted into Canada right after our seasonal tariff was removed and our own superior peaches were left to rot on the ground.

Again, in recent years our own peach growers have developed new varieties and the peach crop ripens over a longer period than nine weeks. Cold storage has had the effect of contracting the nine weeks seasonal protection to six or seven weeks, and quite apart from the longer ripening season of the different varieties of peaches this makes the nine week period decided upon years ago seem quite unrealistic today. This same condition applies to some of our other fruits and vegetables.

Another matter that has been brought to my attention in connection with peaches is

the question of grade. Our government inspectors at the border do not always seem to insist that the grades of import peaches should meet the requirements of similar grades in Canada. I have noticed lately in the stores in Ottawa that there are many New York state apples on sale and I think they are an inferior grade. They certainly do not seem to come up to the commercial grade as described in the booklet. I do not bring this up to embarrass the minister because I have seen this very thing happen in connection with peaches in the last few years. I certainly should like to see our inspectors at the border pay more attention to the grades of fruits that are admitted into Canada. I know that the question of fruits and vegetables has been referred to the tariff board and that the board has made a report but the matter depends upon action under GATT and on the action of the government.

In Welland county we have many general farmers who are interested in crops other than fruits and vegetables. At the time of the discussion on cash advances to western farmers I expressed the hope that these general farmers would be given consideration at the time this legislation was introduced. However, I do not see anything in it that will give them any further help unless there is something the minister has not disclosed at this time.

There are one or two questions I should like to ask the minister. The first has to do with putting $250 million into a revolving fund. I am not very impressed with that, particularly since there is $170 million in the present revolving fund and when some of our primary producers made application this fall to have support prices put under their products nothing was done by the government. I do not think the government is likely to give them any more consideration because the government has $250 million in such a fund rather than $170 million.

I do not know whether it is proposed to include fall wheat, but I know that in my area last year wheat as it was harvested sold around $1.20 a bushel and by last December the price had gone up to $1.85. However, most of the wheat was sold at the lower price and very little at $1.85. I should like to ask the minister how he would arrive at an average price for Ontario fall wheat last year.

I suppose the government proposes to support the price of butter at 60 cents. If they did not it would be possible under the formula announced for butter to fall to 48 cents, if I understood what the minister said. I know that the government has many problems irrespective of the promises it made. One promise was made, however, that it has always been hard for me to understand. How can the Canadian farmer enter the European market in order to sell his products?

I know that the Prime Minister said in Wallaceburg that Canada must make an active effort to regain its best markets in the commonwealth and at the same time protect its domestic markets for Canadian producers. It seems to me that in England and other parts of the commonwealth most products are cheaper than they are in Canada. I think our pork prices are the highest in the world. I should like the minister to tell us, for instance, how it would be possible for bacon to be sold on the London market.

Mr. Peters: Mr. Chairman, a great number of people in my riding have been waiting for some time for this resolution to be introduced. I think the minister probably gave a fuller explanation of the resolution than is normally done and I am assuming that he has pretty well explained what will be in the bill. A few weeks ago a crack was made about there not being any C.C.F. farm representatives from Ontario. There are three C.C.F. members now from Ontario and I should like to inform those unenlightened members that each of the three members has a large farming area in his constituency.

I represent the riding of Timiskaming. May I say, for the benefit of those who are unaware of the situation, that this riding contains a unique geographical phenomena called the little clay belt. This little clay belt contains about one million acres of farm land. Fifty or sixty years ago this land was covered with timber. The governments of the day put on a drive, as they did in the west, and invited pioneers to come in and homestead. This event occurred about the same time as it did in the west. My father, a very young man at the time, went into northern Ontario by steamer, since there were no roads or railroads. In 1898 these pioneers cleared that land and today there are about 300,000 taxable acres of farm land in Timiskaming.

This clay land is probably as good land as you have anywhere in the country. It is fairly flat, being the bottom of an old lake in an earlier geological age. There are approximately 105,000 acres of this land under active field cultivation, and about 25 per cent of the total area of the clay belt is now cleared. This clay belt is almost entirely in the riding of Timiskaming and it supports some 100,000 people on approximately 1,600 farms according to the last census. There are 400 farm families living on that land. About 1,000 of the farms, like the farms

throughout Ontario and the rest of Canada, are lying idle. There are only 400 of these farms, as I said, that are supporting people who live by farming alone. There are others who are living on the farm and working elsewhere or deriving the majority of their income from other sources. I would suggest that this is an odd situation in a country which has the facility and the people. The people who went into my particular part of the country must have liked farming because they did go to the trouble of clearing the land in order to farm. They came there, worked and pioneered and now they are unable to derive sufficient income. I think it is about time the Canadian people took a look at the situation and wondered why these events have occurred.

We have a problem in Timiskaming that I think is the same as elsewhere. We have probably 25,000 head of cattle and a large beef section which sells between 4,000 and 5,000 head a year. This area supplies a large amount of fluid milk. We have a dairy industry, and the surprising thing about this dairy industry, to those who have never heard of Timiskaming, is that it produces half the amount of the butter that Canada exported last year. I do not say that all the butter that came from my area was exported, but we produced half of the total butter exported. We produced a large amount of cheese. We could easily have supplied all the butter and all the cheese that Canada exported. This is a surprising fact when one considers that it would come from one riding, and from a riding which many people did not know was a farming area. We have four butter factories, one each at Belle Vallee, Englehart, New Liskeard and Earlton. These four factories produce half of the amount exported according to the figures presented by the Ontario government in their statistical report.

We might wonder why people are leaving their farms. Farm organizations are continually making representations to the governments. The governments must be aware there is a farm problem. About 65 per cent of the members of this house are in this house because farmers elected them. It may be true, in fact it is true, that the farm population of Canada is small in numbers. It is true also that this farm population has the means of deciding through their elected representatives, upon the legislation affecting them to be passed by this house. I suggest that this government had better take a very close look at the situation because I do not think the proposed measure offers any solution.

One of the problems may be the fact that one farm organization, the Canadian Federation of Agriculture, is headed by Mr. Hannam who has been president since its inception in 1939. He had previously been the vice-president of the chamber of agriculture which was formed in 1935. It is surprising, though it may be coincidental, that Mr. Gardiner, the former minister of agriculture, also came into federal politics at that time. It is not a coincidence, however, that these two spokesmen for agriculture over the past years have followed the same program. It is my opinion that neither Mr. Hannam nor the right hon. member for Melville have ever given leadership to the Canadian farmer or ever satisfied the basic needs of our rural population. It is not surprising that the representations made by Mr. Hannam to the present Minister of Agriculture are not satisfactory to any farm representatives or farmers to whom I have talked. I would caution the present Minister of Agriculture that he may have his political throat cut because of the representations that have been made to him. I would suggest that the organizations that comprise the federation have, on numerous occasions and in great numbers, made representations concerning the idea of full parity. This morning the minister mentioned the fact that he did not know what parity meant.

Mr. Harkness: He did not.

Mr. Ellis: It is obvious.

Mr. Peters: I would like to suggest that anyone who reads this resolution would realize that is a fact because parity prices simply mean equality between the cost of production and the price the producer receives. If we are going to have full parity, that only means that all the costs that go into producing a commodity are paid back to the producer by whoever buys the product.

Perhaps we in Ontario are more fortunate than others, because we have several commodities that are under full parity prices. I am not suggesting that they are satisfactory parity prices, because it all depends on where you set the base for that parity price. Before mentioning these commodities, however, I should like to point out that it was not long ago that the federation asked the Ontario government to set a skim milk powder floor price of from 13 cents to 16 cents. This representation is contained in their brief. It is very surprising that the federal government set a floor price of 17 cents, which was higher than that requested by the organization. I suggest we take a look at some of the representations made.

Mr. Gardiner: May I ask the hon. gentleman a question? Does that not prove that his

previous statement was not correct that the federation and I always agreed?

Mr. Peters: It may only mean, Mr. Chairman, that one is a little smarter than the other. Frankly, I believe that a good look should be taken at this question of parity prices. The Canadian Federation of Agriculture has just presented a document—I do not know whether or not you would call it a brief—addressed to the members of the House of Commons.

I presume it was also presented to the government. They ask for a level of farm supports and they go on to say that "they should not be set at less than 70 per cent of parity, as we calculate it by the formula which we have adopted". They do not include the formula that they adopted. If they did so, it would not make a hoot of difference because why should we take 70 per cent of parity when it means that you are going to have to find 30 per cent some place else in order to finance your operation? Any farmer who goes out and produces anything at any amount less than parity is going to have to subsidize it. How is he going to subsidize it? Is he going to get relief from his municipality? Is he going to have child labour? Is he going to make his kids work for nothing or is he going to work himself for nothing?

I suggest that one of the things the farmer has been doing for a great number of years has been living on his depreciation. He may not have known that he should have put it away but he has certainly been living on it. We can go right back to the hungry thirties and probably up to the time price control came on in 1940, when the farmer had lived on his depreciation. His machinery was falling apart, his buildings were falling down and his house had not had a coat of paint for many years. Times got a little better with price control and times got a little better just after the war, in fact, and continued up until 1951, and the farmer bought more machinery. He did put away a little bit of his depreciation.

But that certainly is not happening now. He has not been putting very much away since 1951 or else the farmer is giving me a poor story. As I understand it, most of them are not putting anything away, have taken out all that they have saved in what they considered to be the good years and it is time that we did something for those farmers. If this government wishes to stay in office, I think it had better do so now because 65 per cent of the members that are here are going to have to answer to those farmers.

There are some things that have been put under parity. I am sure that some of the members will say it has not been applied. It has been applied in Ontario by the one organization that I know of that has ever been very active on its own, in making its own presentation and making its own way in Ontario,—I refer to the Ontario whole milk producers league—particularly in the fluid milk field. They have a parity formula. I do not necessarily agree with this formula because I do not know whether or not they set their price originally high enough. But they make use of a number of indexes.

I suggest that the minister listen to this and maybe take a pattern off it. They have a wholesale index and that is 20 per cent. They have a weekly wages index and that is 20 per cent. They have a commodities and services used by farmers index and that is 30 per cent; price of butterfat index, 10 per cent; price of condensed products index, 10 per cent; price of cheese index, 10 per cent. These amount to a total of 100 per cent. It is 100 per cent of a number of indexes of the commodities that go to make up the production costs of the fluid milk product. They take this price. They put their base price over 100 times the amount and they come up with a figure. They say that they will use a three months' period for setting their price and if the formula increases, it will increase by 19 cents a hundred, calculated on a three months' period. I am not suggesting that this particular price is the right one. The original base was 1949 to 1952 and the price in Toronto was $4.13; in 1953 it was $4.63; in 1954 I believe it was $4.53; in 1956 it was $4.77. It can therefore be seen that it has some relationship. Whether or not it is the right relationship, it has some relationship to the cost of that product. They have a signed contract yearly, signed by the Ontario whole milk producers' league and by A. P. Clark, the secretary for the government. I suggest that there is no question about it but that this would solve the problem for agriculture.

One of the arguments continually used against using a formula price or a full parity price is the fact that we may have surpluses. Mr. Chairman, we may not have surpluses now but we certainly have a problem. Under the former government we were buying from other countries more than we were selling. I understand that we now have a $1 billion dollar deficit this year already. I suggest that we cannot overproduce all the products that are derived from agriculture. I say that because I have heard on numerous occasions outstanding speakers like C. H. Millard, who is with the I.C.F.T.U., say so. I have heard him on numerous occasions after returning from Asia, Africa and the countries of Europe tell of the need for food commodities in those

countries. He told us of the children who never in their lifetime have ever had a full meal. I always thought we got these stomachs because we ate too much. It may be in some cases because we did not eat enough. Children are being born, are living a lifetime and are dying—very young—never having had a full meal in their lifetime. I suggest that we can do as much for peace by filling their hungry stomachs and bringing them to our way of thinking as we can by stockpiling arms in Canada or building radar units or doing the other silly things that we do for defence.

We have also heard that if we are going to have a decent price for agriculture we are going to end up in the same position as the United States. May I say that I think some of our farmers would be very happy tonight if they thought we were going to end up with as much money from farm products as they have in the United States.

Mr. Gardiner: We get more for most of them.

Mr. Peters: The former minister says we get more now for most of them than they do. That may be so but farmers certainly will not tell you that and the figures certainly do not prove it.

Mr. Gardiner: The figures do prove it.

Mr. Peters: I do not think we can have a surplus of food products while the world needs food.

Mr. Gardiner: We have not a surplus except in wheat.

Mr. Peters: We may not. We can and we should have the Department of Agriculture appointing a number of economic attaches to go out to these countries that need food and sell it. We cannot sit in our seats in the house here and say, "They may come to us to buy our wheat". We had an opportunity to sell wheat to Australia. The minister was given this information very early in the session and he tried to make a joke of our selling wheat to Australia. We should have had an attache down there trying to sell that wheat, taking whatever currency we could get, so that we can eliminate this deficit we have in trade and accumulate a little bit of a surplus. We are not finding our farmers very happy about the situation they have, where the surplus is being carried on their farms. I think it is time that the surplus was carried on the books of the government and used for international trade.

We have heard many times—I hear it from the benches across the aisle—that the people will not stand for this, that prices are going to go up. My hon. friend on the other side of the house tonight quoted from a book, "Memorandum to the Government of Canada" from the Canadian Labour Congress, an organization of which I am proud to be a member, and they had something to do with this in the past. He read a statement. I think that statement should be read again. It is as follows:

> We are alarmed by the drastic fall in farm income. This is bad for the farm people, most of whom are far from rich, and who still make up one-sixth of the Canadian population. It is bad for the economy generally, which is still heavily dependent on exports, of which farm products make up about one-quarter.

And I would add that they should be making up about three-quarters.

> It is also bad for Canadian workers, for whose products a prosperous agriculture would provide a substantial market.

Then it goes on to say this:

> Canadian labour will fully support anything the government can do to restore the purchasing power of Canadian farmers.

Well, now we know exactly what the workers think about increasing the prosperity of the farms, and let me tell you they are not doing it because they are completely unselfish, they are doing it because they know that the farmer is now getting less than 43 per cent of the consumer dollar. They know, furthermore, that sales of automobiles are dropping; that sales of farm machinery are dropping; they know that these problems exist and they are willing to help their friends in the rural areas who are in the agricultural field.

I say that the government, knowing that these people must have at least 2½ dependents like everybody else and that they represent a very large part of the economy of Canada, and in view of the fact that they have been given the green light, now have no reason for sitting still and saying that the people might not go for it. We have very many other problems in agriculture, apart from the fact that we have to supply these people who are producing the agricultural products with a decent income. I think that can be done by parity prices. I think we should get straight with regard to this business of parity prices and I do not think we should continually change the name. When I find the meaning of parity prices I am not too happy about the term being changed to deficiency payments and so on—I am quite sure that this viewpoint is shared by farm organizations and others—because then it means that they have to sit down and find out the meaning of deficiency payments.

However, as I say, there are other problems. For instance we have in my area a number of beef cattle and we ship these cattle to Toronto. I think this government

should put in a grading station and an abattoir so that we will be able to supply good beef for the markets in that particular area, which is already consuming much more than we can produce. Yet while our local product is going on the Toronto market it is not going to local markets. Of course, other markets constitute another problem in which I think this government should also get involved. We hear such statements as: "Oh, packinghouses, they are wonderful things; they only make .4 per cent profit", or something of that nature. They make very little profit.

Now when we take one of the largest packinghouses, which incidentally sends me its financial statement, it looks just about as nice as the financial statements of the mining organizations in which I used to work. That was in the gold mining industry and the financial statement to which I have referred reminds me of that. They show shares valued at $1,438,284 and the dividend this year on that .4 per cent which they were supposed to be making was $1,050,000. Now, what we do not know is that the Canadian people have financed this organization to a great extent, because they already have the accumulated capital invested in the way of land, buildings, and so on, assets to the value of $62 million and something. They have another $62 million which they call current assets. Then they point out how you can only make a very little bit of profit in that business.

Now I am sure that we as workers and we as farmers know that this problem has been raised continually. It has been raised by local newspapers on the rural scene which we are sometimes foolish to read and which say the farmer is the enemy of labour and labour is the enemy of the farmer. Well labour, as I said, has said what they think about the farmer. They are willing to co-operate and in some ways they have done so. For instance, in connection with the setting up of the joint economic commission. They have co-operated and are getting along very well.

It is true that when I was a miner and I sent my wife down to the local store with $5, she could buy a very small roast. She would think that the father-in-law had a big farm with a big cow and so there must be a hundred of those $5 roasts in that big cow. So she was of the opinion that the farmer was doing darn good. Then, when it came to talking to—

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

Mr. Peters: —my brother-in-law or—

An hon. Member: Be quiet for a minute.

An hon. Member: He did not hear you.

[Mr. Peters.]

Mr. Macdonnell: Might I ask this question. Could he explain to me what his conversation has to do with support prices on agricultural products?

Mr. Peters: I would say it has been said many many times that one of the reasons why we cannot do anything about giving the farmer a fair deal is because the consumer will not pay for it, the consumer objects. I think the consumer has already paid for it.

I also know that when my wife bought that $5 roast the farmer did not get $5; he did not get $3. He got on an average for his expenditure of labour less than 43 per cent, so I think that he certainly was not getting value.

We should set up this committee which we have been kicking around for quite a while now and put on it some people who are representatives; we should include some workers and some farmers. Then throw in somebody from the agricultural colleges to handle the fine points of the law and such other things. We should make sure there are not more of those people than there are of the people who are going to be interested in this business.

We have heard that the Canadian Labour Congress, when they took a large size freezer around to the fall fairs—which are patronized, I might say, very heavily by the farmers in both northern and southern Ontario—asked of the people how much labour went into this particular freezer. I should explain that it was a big piece of equipment for frozen foods costing something in the neighbourhood of $470. This was the total labour cost, because obviously it is labour which is kicking the price of all our commodities up to a higher level. This was taken around and the farm people believed, because they had been told by their local politicians that this was so, that the labour was proportionately high. Hon. members may be surprised at the guesses which went as high as $375 for a $475 product. The woman who won the competition made a guess which was very close to $84 which was the actual total cost of cutting the lumber used in the manufacturing processes, the mining done to make the steel and the metal and all the other processes which went into the manufacture of the article. It all came to about $84, so labour was not getting such a lot out of it.

The Financial *Times* pointed out the other day that the labour production costs—that is not total cost but production cost—on an automobile selling for $2700 were about $75. In other words the workers of that plant who put it together got $75—

The Chairman: I am sorry to interrupt the hon. gentleman but I must advise him that his time has expired.

Mr. Harkness: Mr. Chairman, we have had a very wide and general range of debate on agriculture today. I doubt whether a good deal of it was in order in a discussion of this resolution. However, I did not raise a point of order except when hon. members got onto fisheries or something along that line. However, we have heard speeches here today in connection with the question of tariffs, in connection with the financial setup of a certain company and in connection with all kinds of individual agricultural problems in particular areas or constituencies. A great deal of the content of the speeches has been concerned with the difficulties which exist in agriculture and with which farmers find themselves faced. Now I do not think there is any need for us to continue hearing speaker after speaker reiterating the difficult situation in agriculture today. I think most of us realize and have realized the situation for a considerable time, and one thing I can assure all hon. members of this house is that nobody realizes the situation as well as I do.

Mr. Lewry: Well then do something about it.

An hon. Member: Give us a chance.

Mr. Harkness: In the five or six months since I have been Minister of Agriculture I have had delegations from, I think, practically every producer group of any size and most of the smaller ones in this country. They have all come to me and told me their troubles, and as a result of that and of I do not know how many hundreds or thousands of letters from individuals and every conceivable organization, I think I do realize the situation in agriculture today and the difficulties involved, as to the industry on the whole right across Canada and as far as particular segments are concerned, as well as anybody else in this house.

Now the legislation which is presently before us is designed to try to improve that situation to some extent. When I spoke first this morning in introducing this resolution I tried to make it plain—and I should like to state again what I said then—that I did not look upon this as a cure-all for the many difficulties from which agriculture is suffering. I said at that time:

> I do not maintain that it is a cure-all for all the difficulties under which agriculture has laboured for the past several years. No one piece of legislation can be expected, at one stroke, to transform a complex industry, such as agriculture, from a depressed state to one of full and abounding health.

I realize the situation in this regard as well as anybody else does, but unfortunately most of the speeches we have heard here today have been along the line that by passing some piece of legislation we are going to wave a magic wand over the agricultural industry, and that as a result of waving this wand all the difficulties which confront it are going to disappear. That essentially has been the complaint of hon. members in the C.C.F. group and of some other hon. members who have spoken today. This legislation is not a cure-all. Nobody ever said it would be a cure-all, and nobody with any sense of realism as far as agriculture is concerned in this country can ever expect that any one piece of legislation would be a cure-all.

Mr. Chairman, in order to put agriculture on a sound basis and in order to give our farmers a reasonable standard of living we have to move forward on a considerable number of fronts. We are not confining action to this front alone.

An hon. Member: You are standing still now.

Mr. Harkness: We in this government are making every effort possible to move forward on a considerable number of fronts. I would just like to indicate some of the things we are engaged in doing which are necessary to restore agriculture to a sound position. First of all, we have to dispose of the big surplus of wheat which is hanging like a blanket over the price of agricultural products of all kinds in this country. That is one of the things, particularly, which has to be done before the agricultural industry in this country can be put on a sound basis, whether it is wheat raising or some type of agriculture in the maritimes. We are making every effort possible to dispose of this surplus of grain and, as indicated by the Minister of Trade and Commerce the other day, and as I can assure hon. members now, we are making some progress in that regard and we hope to reduce this surplus to at least a reasonable extent during the coming six months.

The second way in which we are trying to attack this problem is through the royal commission on price spreads which was announced here yesterday.

Some hon. Members: Oh, oh.

Mr. Harkness: If you had paid any attention to what the hon. member of your party, who has just sat down said, you would not be laughing. He was making quite a point of the fact that the farmer was not getting anything like the proportion of the consumer dollar which he should have.

Mr. Peters: Mr. Speaker—

Mr. Harkness: Just wait until I have finished. As soon as I have finished you can ask questions.

Mr. Argue: Put some farmers on the royal commission.

Mr. Harkness: I trust that the result of the royal commission on price spreads will be to give the farmer a greater proportion of the consumer dollar than he is getting. That is the second way in which we are attempting to attack this problem.

The third front on which we have to move forward is in the matter of soil and water conservation measures. The South Saskatchewan dam is an example in this regard and we hope to proceed with it.

An hon. Member: When?

Mr. Harkness: Yet another is improved credit facilities for farmers. This is another front on which we hope to be able to make some advance and improve the situation. Considerable studies have been made with regard to this matter, and also with regard to another way in which we think help could be extended to farmers, that is with regard to a crop insurance plan.

These are only some of the ways in which progress has to be made before agriculture can be put on a reasonable basis. We realize that there are many other things to be done in addition to this before we can get this industry into the situation we would like to see it in, and in which, I know, every hon. member in this house would like to see it.

Furthermore, Mr. Chairman, of all the criticism which has been put forward here today, hardly any of it was constructive. All we have heard from speaker after speaker was the terrible situation the farmer is in. We know the situation has been bad, but scarcely one speaker has made any suggestion as to how it could be improved.

All those hon. gentlemen did was make general statements that we should have full parity of prices.

Some hon. Members: Hear, hear.

Mr. Harkness: They made statements along that line, but was there any suggestion as to how anything along this line was to be accomplished, or as to what they meant by this? These were just general statements; in other words merely destructive criticism which meant very little or nothing.

Further, Mr. Chairman, I would say that on the basis of most of the speeches I have heard from the other side of the house today a great majority of the people who spoke did not understand the legislation; they just have not grasped what it is going to do.

Mr. Tucker: They understand it too well.

[Mr. Peters.]

Mr. Harkness: I have not time to go over all the points which were made by the various speakers on the other side of the house, but I will attempt to deal with a few of them. First, the right hon. member for Melville: most of what he said was a defence of what the Liberal administration, of which he was a member, had done in the past. I do not blame him a bit for that; I think it is quite natural. But there is one statement he made to which I must take exception, and that is there is not much difference between this legislation and the legislation which he sponsored—the resolution of 1944, as he called it, setting up the prices support board. There are very many material differences between that legislation and this legislation which is projected, and I should like to outline briefly what some of them are.

First, this legislation provides for a definite formula to be used in the fixing of guaranteed and floor prices. Secondly, it provides under the legislation for an advisory committee which must be set up representing farmer organizations for the purpose of giving advice to the minister and the government in regard to what commodities should be under price support and the level of support which should be provided for them.

Mr. Argue: Will you put any farmers on that committee?

Mr. Harkness: We shall put some farmers on, not pseudo-farmers.

The third difference is that this legislation provides for guaranteed prices on any agricultural products, which are set for a year in advance. In other words this meets the demand for forward pricing. Some people have said the measure contains nothing about forward pricing. This legislation provides for a price to be set, and it is to be in effect for a year from that time. Also, this legislation provides for floor prices guaranteed by the legislation itself.

An hon. Member: Twenty per cent under the Liberals.

Mr. Harkness: The uninformed cries coming from the C.C.F. party indicate that they just do not understand the legislation. All that they are concerned with is to try to howl the legislation down and howl me down for political advantage when I am trying to explain it. I have sufficient confidence in the farmers of this country to believe that when they see what this legislation is they will think it is a good, honest effort to assist them and to put them in a better position than they have ever been in before.

The right hon. member for Melville tried to maintain that farmers will not be as well

off under this legislation as under the old scheme, the one we are under now, namely the prices support legislation; that they may lose money by it. There is not anything they could possibly lose by it, as a matter of fact.

Mr. Gardiner: I will tell you after a while.

Mr. Harkness: They never had very much under it.

Mr. Gardiner: They had $1,164 million.

Mr. Harkness: The hon. member for Rosthern said there were no more powers under this act than there were under the old act, and so forth. I might say it is not only a matter of the powers that are there. I admit that there were sufficient powers under the old act to have done a great deal more than was done. What is required and what is necessary and what I am sure the farmers of Canada have confidence in, is that this government has the will and the determination to put guaranteed prices under the farm products where that is necessary in order to give them a reasonable standard of living.

As far as the hon. member for Humboldt-Melfort is concerned and the hon. member for Springfield, a good deal of what they said was in the way of what might be called general abuse. Therefore, I do not think it is worth while trying to say anything about what either of them said. The hon. member for Humboldt-Melfort did have something to say about the two-price system, and two or three members of the Social Credit party also brought up the matter of a two-price system. Of course, that is a different question altogether from price support legislation, and it is not a question which I think one should try to introduce and mix up with this particular legislation which is designed to provide for guaranteed farm prices and for floor prices.

Mr. Ellis: You said you wanted suggestions.

An hon. Member: Would it help to call it ten o'clock?

Mr. Harkness: The hon. member for Acadia said that the legislation ignores the relationship between the cost of goods bought and the prices received for agricultural products. That is absolutely not correct. I think the hon. member just did not understand the explanation that I gave, or he did not pay any attention to it. The bill is drawn up and the procedure as outlined is designed specifically so that the relationship between the cost of the goods bought by farmers and the farmers cost of production will be related to the guaranteed prices he will receive. These factors will be given due consideration and an attempt made to reach something reasonable in that regard.

I see that the time is going on, Mr. Chairman. There are a considerable number of other points that I should have liked to touch on but I have not the time to do it now. However, I would urge the members of the committee to let this resolution pass tonight so that the bill may be distributed and put into the hands of hon. members. After that has been done I feel quite sure that they will be in a much better position to discuss this measure on second reading and in the committee of the whole and that there will not be nearly the waste of time that we have had today which, I am convinced, has come about because people did not understand what they were talking about in many instances.

Furthermore, I might point out that unless this is done it just means further delay as far as getting ahead with this legislation and getting it through are concerned. As the house leader indicated last night and before, I think we are not going to be able to go ahead with this same legislation tomorrow, and I do think it would be a considerable advantage if we could pass the resolution and get the bill in hon. members hands and give them some time to study it.

The Chairman: Order. Shall the resolution carry?

Some hon. Members: No.

Mr. Harrison: Will you call it ten o'clock, Mr. Chairman.

Mr. Chevrier: Ten o'clock.

The Chairman: With the consent of the house, shall I call it ten o'clock?

Mr. Chevrier: Agreed.

Some hon. Members: No.

Mr. Harrison: Mr. Chairman, I think somebody on the government side said, "Talk it out." There is about one minute to go, therefore it will not be too hard to do even by somebody who talks as little as I do. However, this is a rather important piece of legislation designed to do a very important job, and it affects my part of the country quite a lot. I have been waiting to get a chance to speak on this all day, and I do not make any apologies for speaking on it now. I hope I shall be able to conclude in a normal manner tomorrow.

In introducing the resolution this morning, my genial friend, the Minister of Agriculture, made one interesting remark that intrigued me more than anything else in his remarks.

That remark was that there would be no incentive supports supplied by this piece of legislation.

Some hon. Members: Ten o'clock.

Mr. Harrison: I will go on with that further tomorrow. Another remark from the government benches by, I think, the hon. member for Marquette, was to the effect that this legislation made him proud. Well, I hope that the results make him a prophet in his own constituency, and I wish the government the best in that regard.

Some hon. Members: Ten o'clock.

The Chairman: Order. Shall I rise and report progress?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: What is the business for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall commence with item No. 1 on today's order paper, the house in committee of the whole on an act to amend the Canadian and British Insurance Companies Act. Then we shall take item No. 10, which is the second reading of a bill respecting the Buffalo and Fort Erie Public Bridge Company; then item No. 12,—

Mr. Argue: All emergency measures.

Mr. Green: —which is an act to amend the Excise Tax Act; then, item No. 13, an act to amend the Income Tax Act; then, item No. 17, which is a resolution preceding a bill to provide for loans to the province of New Brunswick; and item No. 11, second reading of an act to amend the Export Credits Insurance Act.

Mr. Chevrier: Is the house leader able to indicate what the business will be for the rest of the week?

Mr. Green: No, Mr. Speaker, I am not in a position to give that tonight; I hope to have a better idea tomorrow.

Mr. Chevrier: Can he say what will be done on Friday?

Mr. Green: No, I cannot say that. Friday is only the day after tomorrow. I will let the house know just as soon as possible.

Mr. Chevrier: Can the leader of the house give any indication as to when this resolution will be before the house again?

Mr. Green: We will get it on at the earliest possible date.

Mr. Knowles (Winnipeg North Centre): Can the minister not say whether Friday will be devoted to estimates or legislation?

Mr. Green: No, I cannot say that tonight, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Is there anything the minister can say?

Mr. Green: Mr. Speaker, I am afraid I have been spoiling the three opposition parties. I have given them the plans much farther ahead than any house leader has ever given them before.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. LAY-OFFS, WINNIPEG

Question No. 116—**Mr. Stewart (Winnipeg North):**

1. Is a progressive lay-off taking place in the Canadian National Railways shops in Winnipeg?
2. If so, how many men have been laid off by months since May 1, 1957?
3. Was there an undertaking by the government that a works program would be instituted by the Canadian National Railways to protect those threatened by unemployment?
4. If so, what is the present situation regarding this program?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1. In a statement made in the house on behalf of the Canadian National Railways on November 4, 1957, at page 704 of *Hansard* in reply to questions by the hon. member for Winnipeg North Centre and other hon. members, the management dealt fully with the matter of adjustments in the number of employees on the system as a whole, and this statement is explanatory of the situation at Winnipeg.

2. The average level of employment in the Winnipeg area from May to September was as follows:

May	3,054
June	3,050
July	3,048
August	2,964
September	2,926

3. The government undertook to finance the cost of a special program of car repairs and other shop work as outlined in a press announcement issued from Ottawa by the Minister of Transport under date of July 12, 1957. The announcement also indicated that the Canadian National management would open conversations with union leaders to explore the adjustments in the existing seniority rules of the working groups affected which would be required to make the special program effective.

Questions

4. Under date of August 26, 1957, the following press release was issued in Montreal: "The special work program aimed at minimizing the effect of lay-offs in C.N.R. shops, and announced by the Minister of Transport on July 12, has not been put into effect, the railway said today. A company statement explained: Following discussions with representatives of the unions it was found that transfers of workers between shop groups could not be provided for under the seniority rules that are part of the wage agreements".

WAR VETERANS ALLOWANCES AND PENSIONS

Question No. 273—**Mr. Hahn:**

1. How many individuals are in receipt of war veterans allowance?
2. How many receive a war veterans pension?
3. What was the total amount paid in each instance for 1956?

Answer by: **Hon. A. J. Brooks (Minister of Veterans Affairs):**

1. Awards to veterans, widows and orphans at September 30, 1957, 57,238.

2. Awards in respect of disability and of death at September 30, 1957, 192,144.

3. Paid during fiscal year 1956-57 as war veterans allowance, $41,259,184.75; as pension, $130,307,562.02.

DUTY ON CATTLE EXPORTS TO U.S.

Question No. 280—**Mr. Olson:**

1. How much is the duty paid on cattle entering United States within the quarterly quotas?
2. How much is the duty when we exceed the quarterly quota on cattle over 700 pounds?
3. How much is the duty, if any, on cattle under 700 pounds?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. 1½ cents per lb.

2. 2½ cents per lb.

3. Cattle weighing each: Under 200 pounds —1½ cents per lb. for not over 200,000 head entered in the 12-month period beginning April 1; 2½ cents per lb. for imports above the quota.

200 or more, but under 700 pounds—2½ cents per lb. on all imports.

HOUSE OF COMMONS

Thursday, December 12, 1957

The house met at eleven o'clock.

ST. LAWRENCE SEAWAY

REPORTED ANNOUNCEMENT OF SETTING OF TOLLS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Transport a question. Have tolls for the St. Lawrence seaway been established pursuant to the St. Lawrence Seaway Authority Act, and if not will he tell the house how it is that a member of the United States tolls committee announced in Washington recently that tolls had been fixed at 50 cents a ton for bulk commodities and $1.25 a ton for general cargo? What I should like to know is whether or not the Canadian seaway authority was consulted and agreed to this announcement?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I want to thank the hon. member for his courtesy in advising me of his intention to ask this question. There has been no agreement as yet as to tolls as provided for in the St. Lawrence Seaway Authority Act. The seaway authority is not aware of any official announcement from Washington as to the setting of seaway tolls, although references have been made recently in speeches by United States officials to evidence given at congressional hearings when the Wiley-Dondero act was under study. I can assure the house that in so far as the seaway authority is concerned, the quantum of the tolls is still under study. It is not anticipated that the studies can be completed for several months.

Mr. Chevrier: I hold in my hand a press statement announcing the amount of tolls in Washington. I simply ask this supplementary question. Does the minister not think that announcements of this character should be made jointly by the Canadian and United States committee on tolls appointed for this purpose?

Mr. Hees: Yes, I certainly do. I agree with the hon. member.

BUSINESS OF THE HOUSE

ANSWER TO STARRED QUESTION 48

On the orders of the day:

Hon. George H. Hees (Minister of Transport): There seemed to be some confusion about the answering of starred question No. 48 yesterday. Since that question requires an answer from several departments it is, of course, the responsibility of my colleague the Secretary of State. I know she intended yesterday, had she been here, to ask that it stand. Since it is not possible for her to be here today I thought I would give this explanation to the house.

HEALTH AND WELFARE

DEFINITION OF OPTOMETRIST—REFERENCE TO ARTICLE IN "CANADA'S HEALTH AND WELFARE"

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. Has the minister's attention been drawn to an article in the publication *Canada's Health and Welfare*, November issue, entitled "Myopia" written under the direction of J. H. Grove, M.D., in which the position of the optometrist is degraded? If so, does he feel that it is the responsibility of his department to promote one profession as against another?

Hon. J. W. Monteith (Minister of National Health and Welfare): I should like to thank the hon. member for having given me notice of his intention to ask this question. The article on "Myopia" in *Canada's Health and Welfare*, November issue, has been drawn to my attention. I can assure the hon. member that the definition of "optometrist" given in this article is essentially the same as previous definitions given in pamphlets issued by the department in 1947, 1952 and 1955. These definitions were approved by optometrists and officials of associations of optometrists. It is not considered that optometrists have been degraded by these definitions, which are in accord with the facts; nor does this department promote the interests of one profession as against another.

EXTERNAL AFFAIRS

WESTERN GERMANY—REARMING WITH ATOMIC WEAPONS AND GUIDED MISSILES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Secretary of State for External Affairs. Since we have already agreed to supply Western Germany with uranium for peaceful purposes, does the minister believe it to be wise to support the rearming of Western Germany

with atomic weapons, or more particularly the stockpiling of guided missiles in that area?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I should like to take this question as notice.

[*Later:*]

Mr. Coldwell: Mr. Speaker, may I ask a question supplementary to the previous question I asked. The Secretary of State for External Affairs said he would take my question as notice, which notice I am sorry I did not have time to give him.

May I say this matter has been before the country for some time. Have the government therefore considered these two problems of atomic weapons for West Germany and the stockpiling of guided missiles, and have they come to any conclusion with regard to them in view of the serious nature of these questions?

Mr. Smith (Hastings-Frontenac): With respect to the placing of nuclear warheads in Western Germany, that matter has been under consideration but as yet we do not clearly know what the position will be at the NATO meeting in Paris. It would therefore be inadvisable and incorrect to make any conjecture as to what our stand would be at that time.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Secretary of State for External Affairs. Did I understand him to say the government could not conjecture what its position would be at NATO with regard to the important issue referred to by the hon. member for Rosetown-Biggar? Does this mean that the Canadian delegation is going to the meeting at Paris without its mind made up on this issue?

Mr. Smith (Hastings-Frontenac): I did not mean to give that impression. I had in mind that we have not all the papers, nor received all the representations and demands that will be made.

NATO—REQUEST FOR RE-EXAMINATION OF MIDDLE EAST PROBLEM

On the orders of the day:

Mr. Alan Macnaughton (Mount Royal): May I direct a question to the Prime Minister. Will the Prime Minister at the forthcoming meeting of the NATO council include in Canada's general objectives and urge a re-examination of the Middle East problem?

Right Hon. J. G. Diefenbaker (Prime Minister): I thank my hon. friend for having given me notice of this question. There is going to be a re-examination of the Middle East problem, I hope, at the NATO council meeting. Naturally all problems that are concerned with the assurance of peace and its achievement will receive attention. I feel confident that I can assure my hon. friend that the Middle East problem will receive every consideration.

TRADE

PROPOSED U.S. TARIFF ON LEAD AND ZINC—REPORTED REMOVAL OF NICKEL DUTY

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I should like to direct to the Prime Minister a question of which I have sent him notice only since I came into the house, for which I sincerely apologize. A New York *Times* report indicates that the United States may remove the 1½ cents per pound tariff on nickel imports in order to mollify Canadians should the proposed lead and zinc tariff be recommended by the President. Will the Prime Minister inform the United States state department that this action could serve no other purpose than to assist the United States consumer, and would in no way compensate for discriminatory action against the base metal industry?

Right Hon. J. G. Diefenbaker (Prime Minister): The hon. gentleman said that he just sent the notice over to me. Attached to it is the press report in question. In reply to my hon. friend I should like to say that after the implications connected with this prospective step have been considered by the government, provided the step is to be taken, the necessary representations will be made to the United States government; and if in essence my hon. friend's conclusions are correct, they will certainly be brought to the attention of the government of the United States.

Mr. Byrne: I have a supplementary question. Would the Prime Minister warn the state department of the United States that Canada may be compelled to take drastic retaliatory action if this discriminatory action is taken?

Mr. Speaker: Order. I doubt whether that question is seeking a clarification of the answer which the hon. member has already had.

URANIUM—SIGNING OF AGREEMENT FOR SALE TO WEST GERMANY

On the orders of the day:

Mr. E. G. Hansell (Macleod): May I direct a question to the Prime Minister. I am sorry I have not given him notice, but perhaps he

could take this question as notice. The *Gazette* this morning carries a picture of the signing of the trade agreement which was referred to this morning by the hon. member for Rosetown-Biggar (Mr. Coldwell). The caption is:

German ambassador Hazzo von Etzdorf signs a 10-year agreement for the purchase of 500 tons of Canadian uranium to be used as fuel in nuclear power plants. External Affairs Minister Smith looks on.

I have two questions which I would like to ask. First, has this trade agreement been signed without first having been referred to parliament? Second—and this question is based on a contention I have had over the years that one department should not take the responsibility of another—is the Department of External Affairs assuming the responsibility of the Department of Trade and Commerce?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as far as the general practice is concerned, the government assumes responsibility at all times for the affixing of signatures to trade agreements on behalf of the people of Canada, and that was the course followed in connection with the agreement in question. Any action taken by the Secretary of State for External Affairs represents the opinion, as would naturally be the case, of the government of the day.

Hon. Lionel Chevrier (Laurier): May I ask the Prime Minister, will this agreement be submitted later on to parliament for approval?

Mr. Diefenbaker: I think that procedure represents the course that is generally followed, that parliament has an opportunity of giving the fullest consideration to any agreements entered into.

AUTOMOBILES—INQUIRY AS TO EXPORTS TO ASIAN COUNTRIES

On the orders of the day:

Mr. D. F. Brown (Essex West): Mr. Speaker, I have a question for the hon. the Minister of Trade and Commerce, but in his absence I could probably direct my question to the genial acting minister. I do not expect an immediate answer, and perhaps he would take this as notice. Is there any prohibition on the export from Canada of automobiles of Canadian manufacture to communist China or to other Asian countries?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, I have taken that question as notice.

STATEMENT ON REPORTED EXPANSION OF CANADIAN SALES BY ROLLS-ROYCE COMPANY

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, on December 10 the hon. member for Essex West referred to an article in the *Globe and Mail* of December 6 reporting that the Rolls-Royce company planned to triple their sales target for Canada next year. He asked whether this was a result of the Canadian trade mission to the United Kingdom.

I have now had an opportunity to make some inquiries and to look at the article in question. I understand that the Rolls-Royce company started to intensify their North American sales efforts several months ago. According to the *Globe and Mail* story the total number of cars which the company hopes to sell in Canada next year is 100. In other words it would appear that they have been selling cars at the rate of about 33 a year. No automobile in this luxury class is manufactured or even assembled in Canada, though several types are imported from the United States. As the Minister of Trade and Commerce has explained to the house on several occasions, the purpose of this mission is to find sources of supply in the United Kingdom for goods now imported from non-commonwealth sources.

To sum up, these plants of the Rolls-Royce company are not directly related to the trade mission, and even if carried out will not have the effect of reducing the production of Canadian-made automobiles to any appreciable extent but will replace imports from other countries.

POWER

BRITISH COLUMBIA—FEDERAL AID TO PROVINCIAL GOVERNMENT IN RESPECT OF MICA CREEK DEVELOPMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in my continuing search for explanation, inspiration and confirmation I address a question to the Acting Minister of Northern Affairs and National Resources.

In view of the recent statement of the British Columbia provincial leader of the Progressive Conservative party to the effect that the offer made by the federal government to aid British Columbia in the development of Mica creek still stands, would the minister confirm that this represents government policy?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): Mr. Speaker, in view of the fact that I have not seen the statement which is referred to

I am not in a very good position to make any comments upon it. I would, however, point out to the hon. member that when the government has an announcement of government policy to make it will be made here in this house.

Mr. Pickersgill: On television.

Mr. Harkness: And not to confirm or deny newspaper reports.

Mr. Herridge: As the minister apparently wants time to meditate on the question, may I ask a supplementary question? Does he agree with the statement made by the leader of the Progressive Conservative party in British Columbia to the effect that if the Wenner-Gren development of the Peace river is realized it will be necessary to cast aside the development of the Columbia?

Mr. Speaker: I think if the hon. member wishes to ask for information as to government policy he ought to ask directly, rather than seek confirmation of a statement made by someone for whom the government has no responsibility.

Mr. Herridge: Mr. Speaker, may I explain that I ask these questions because the Minister of Northern Affairs and National Resources was also in the habit of making similar statements when he was a political Elijah wandering in the wilderness.

Mr. Harkness: Mr. Speaker—

Mr. Speaker: I disallowed the question, and I ask the minister not to deal with it.

AGRICULTURE

NORTHERN ALBERTA—REQUEST FOR INVESTIGATION INTO HARVEST

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I want to address this question to the Prime Minister, not that I wish to add to the burdens on his shoulders before he leaves for the NATO conference but because I want to ask him if he will deal with the matter before he leaves.

There is every indication that the inclement weather conditions have brought about a crop situation in the Peace river area which can be described in no other way than as disastrous. The farmers in the area are grateful for what the Department of Agriculture is doing to speed up inspections under the Prairie Farm Assistance Act, but it is now clear that P.F.A. payments will be far short of what will be required as even a minimum of assistance to prevent widespread suffering among the people this winter.

Will the government of Canada join with the province of Alberta in a speedy, thorough study of the facts of the situation with a view, possibly, to declaring the Peace river district a disaster area, so that adequate help may be advanced to prevent what looks now to be a threat of real want and suffering among the people?

Right Hon. J. G. Diefenbaker (Prime Minister): The government fully realizes what the situation is in northern Alberta and the degree to which that situation has brought grave discomfort and even worse among those living in that area, and I can certainly give the hon. gentleman an assurance that a full investigation into the situation will be made in co-operation with the government of Alberta, to the end that as a result of such an investigation such action shall be taken as will be necessary to meet the position, consonant, of course, with federal responsibility for problems such as this.

Mr. B. R. Leboe (Cariboo): A supplementary question to the Prime Minister. Does this situation not obtain in the Peace river area of British Columbia as well?

Mr. Diefenbaker: I was thinking of the Peace river area in general. In so far as the Peace river area in British Columbia is concerned, naturally the government of British Columbia will have to be consulted and its decisions given the fullest possible consideration.

PATENT ACT

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. A. B. Macdonald (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the Secretary of State or, in her absence, to the leader of the house. May I ask when the report of the royal commission on patents, copyrights, trademarks and industrial design, relating to copyright only, will be available? I ask this in view of the fact that we were advised on October 28 it would be available in about two weeks, and because this is a matter of concern to some publishers.

Hon. Paul Comtois (Acting Secretary of State): I will take notice of the question, Mr. Speaker.

AIRPORTS

EDMONTON—LOSS OF HANGAR BY FIRE

On the orders of the day:

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Could the minister give information to the house with respect to the fire which destroyed No. 5 hangar at the Edmonton municipal airport

Tuesday evening, the extent of the loss, and what steps are being taken to investigate the cause?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, a fire occurred at the municipal airport in Edmonton on December 9. The fire took place not in the hangar but in a building which was used by the air cadets. The building was completely destroyed in spite of the efforts made by the Edmonton fire brigade. There was no loss of life and no personal casualties, but a certain number of uniforms and training aids were lost. The building had been originally constructed by the United States air force during the war, and I understand it was a frame building. The amount of the loss has not yet been determined, but a board of inquiry has been set up.

PIPE LINES

NORTHERN ONTARIO PIPE LINE—STATEMENT ON PRICE OFFERED SUBCONTRACTORS

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Port Arthur asked the following question:

> Has the minister received any representations on the price offered subcontractors for clearing work on the right of way of the Northern Ontario Pipe Line Crown Corporation, and if so, what is the subject matter of such representations?

The answer is that I have received no representations myself, and I am informed that no approach has been made to the officials of the Northern Ontario Pipe Line Crown Corporation on this subject. I also understand that the Minister of Trade and Commerce himself has not received any representations regarding the matter.

CANADIAN NATIONAL STEAMSHIPS

REPORTED REFUSAL OF OFFICERS TO WORK SHIPS —RESUMPTION OF SERVICE

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I would like to direct a question to the Minister of Transport. I have not given him notice of the question, but I am sure he is so conversant with the topic that he will not need any notice in order to answer the question.

It was stated over the radio the other day that the officers in charge of the eight C.N.S. ships which are finding things difficult lately have refused to operate the ships if they are manned by scab crews. Will the minister make a statement and tell us exactly what is the situation now regarding those ships?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not the further newspaper report which appeared, I believe, the following morning under the heading of the Canadian Press, and which was completely opposite to the original report. It stated that those officers were quite willing to sail under foreign registry.

[*Later:*]

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Transport a question supplementary to the one asked by the hon. member for Bow River. In view of the statement by the minister on November 11 that in transferring the flags of these ships from Canada to Trinidad, and in the consent which the government gave to the transfer, it was thought that would be the best method by which to administer the service to the West Indies, and in view of the fact it is over a month now since this has taken place, has the minister any idea as to when the service will be administered or restored?

Mr. Hees: The answer, Mr. Speaker, is no.

PENSIONS

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO INCREASE FOR RETIRED EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. Has the minister had an opportunity to read the letter he received from the Canadian National Railways veterans association of Vancouver concerning the need for an increase in the pensions of retired C.N.R. employees? Can the minister say whether his department is reviewing, digesting, studying and working on this material, in the same way the Minister of Finance said his department was working on the suggestion for an increase for retired civil servants?

Hon. George H. Hees (Minister of Transport): I have not yet received that letter, but I know the management of the Canadian National Railways is always studying any possibilities there are for bettering the rates of pay or pension conditions for their employees.

ADMINISTRATION OF JUSTICE

ONTARIO—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Justice whether, in view of the fact that the chief justiceship of Ontario has been vacant now

for a number of months, he is in position to say whether we may expect an announcement as to who shall occupy that position, and whether that announcement may be made at an early date?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the hon. gentleman will, I am sure, realize that appointments of chief justices are within the purview or prerogatives of the Prime Minister; therefore I cannot make any statement on that matter. Any definite statement must come from the Prime Minister; but I know I am safe in saying that the hon. gentleman and the house may expect that appointment to be made just as soon as possible.

PRAIRIE FARM REHABILITATION

INQUIRY AS TO EXTENSION OF LEGISLATION

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to address a question to the Minister of Agriculture. I have not given notice, and he may wish to take this as notice. Has the minister received any requests from the government of any of the prairie provinces for an extension of the designated area under the Prairie Farm Rehabilitation Act? If so, has the minister taken any action to meet such request?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not recall that I have received any representations from any of the governments of the three prairie provinces in this regard. I have received requests in regard to it from various individuals, boards of trade and other organizations.

FINANCE

CANADA SAVINGS BONDS—ANNOUNCEMENT OF SUCCESSFUL CAMPAIGN AND WITHDRAWAL OF ISSUE

Mr. Speaker: Has the Minister of Finance leave to revert to motions?

Some hon. Members: Agreed.

Hon. Donald M. Fleming (Minister of Finance): Thank you, Mr. Speaker. I am sure the house will be pleased indeed to know that the sale of Canada savings bonds in the twelfth Canada savings bonds series has reached by far an all-time record. Sales recorded up to the 10th day of December stood at $1,169,421,000. It has, therefore, been decided that the bonds should be withdrawn from sale on December 31. Applications for purchase made prior to that date on arrangements for deferred payment will not be affected by this withdrawal.

[Mr. Martin (Essex East).]

An important part of the Canada savings bond sales and an increasingly important component of new cash sales arose from the operation of the payroll savings plan. Indeed, sales under the payroll savings plan in the present series, Mr. Speaker, reached an all time record. They now touch the figure of $215 million.

I wish to take this opportunity to acknowledge the service rendered by thousands of Canadian employers who provide the leadership and meet the accounting expenses involved in the pay deductions through sales to 700,000 Canadian employees. This all but unanimous support from business circles for Canada savings bonds reflects a high and far-sighted sense of community and national interest.

I wish to acknowledge also the energetic effort of investment dealers, banks, trust and loan companies and many other savings institutions in pushing series 12 sales to a new peak; and to newspapers and other mediums of information for their support of the campaign.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask the minister a question. In view of the very satisfactory results nationally, would it be possible for him to give us a breakdown of these sales by provinces? This would give us, I think, some indication of the distribution of wealth in the country, and some idea of the strength of the economy in the various provinces of the dominion.

Mr. Fleming: Mr. Speaker, perhaps my hon. friend would be content to leave that matter until the closing of the campaign on December 31. I shall be very glad then to furnish any information on breakdowns that may be available and that may be desired by hon. members.

Mr. Speaker: Hon. members may be interested in knowing, in this connection, that the employees of parliament have oversubscribed their objective.

Hon. George C. Marler (St. Antoine-Westmount): May I direct a question to the Minister of Finance. Could he tell us how much of the total he mentioned a moment ago as subscribed represents new money, and how much represents the proceeds from other Canada savings bonds that have been turned in for conversion?

Mr. Fleming: Perhaps my hon. friend would allow me to give this figure precisely at the conclusion of the campaign. The present bond attracted, naturally, a substantial volume of trade-ins. There have always been trade-ins, and it is not always possible to segregate the particular amount because these trade-ins

go on throughout the whole year. It is not possible, therefore, to segregate any amount and attribute it particularly to the new campaign. If my hon. friend would wish it, I could give a breakdown of that information at the conclusion of the campaign, giving the figures on trade-ins of the old series say for the last three months of the present calendar year.

Mr. Marler: I was hoping the minister might be able to give at least an approximate idea. Otherwise there would be a rather false impression created by the amount of sales he has just given, unless we knew approximately what was the proportion of conversions.

Mr. C. A. Cannon (Iles-de-la-Madeleine): May I ask a question of the Minister of Finance. Is it not a fact that the regulations concerning the sale of these bonds have been changed, and that the amount one individual can purchase has been increased? It seems to me I saw that somewhere.

Mr. Fleming: Yes, I announced that in the house at the opening of the campaign. The maximum permissible subscription by any one individual was raised from $5,000, as in the last several campaigns, to $10,000.

Mr. Cannon: That probably had some influence on the fact that sales have increased?

Mr. Fleming: It may have. I do not believe anyone could give a categorical answer to that until we have a breakdown, at the conclusion of the campaign, of those subscriptions that were in excess of $5,000.

Mr. Cannon: Is the minister thinking of increasing the maximum amount to $20,000?

Mr. Fleming: Mr. Speaker, the minister is thinking of closing the present campaign.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS TO PROVIDE FOR CONVERSION OF CAPITAL STOCK COMPANIES INTO MUTUAL COMPANIES, ETC.

The house in committee on Bill No. 169, to amend the Canadian and British Insurance Companies Act—Mr. Fleming—Mr. Rea in the chair.

On clause 1—*Provisions applicable to all companies.*

Mr. Fleming: Mr. Chairman, perhaps I might say very briefly that on second reading in the house I explained the purposes of the bill. Following second reading the bill was referred to the standing committee on banking and commerce, where the clauses were reviewed in detail and the bill reported without any amendment. Before the committee the superintendent of insurance, Mr. MacGregor, was present and answered questions of hon. members. Counsel was present for the life insurance companies, although he made no representations to the committee. I think I am correct in saying, Mr. Chairman, that the bill was reported by the committee with unanimous approval.

Mr. Benidickson: I made some comments with respect to this bill at the second reading stage, and those remarks can be found at page 1865 of *Hansard* for December 4. As the Minister of Finance has stated, I would say this bill was given careful consideration by the committee on banking and commerce, clause by clause. While the committee was sitting I asked the superintendent of insurance, Mr. MacGregor, if the department had heard from the insurance companies with respect to the terms of this bill. He said, as reported at page 27 of the minutes and proceedings of evidence of the banking and commerce committee:

> My advice from the industry, Mr. Benidickson, is that they give this bill complete support, and I can say that we in the department have not received a single complaint either from a company or the industry as a whole, or anyone else.

The terms, as hon. members realize, are, with slight exception, permissive terms which permit a discretion with respect to changes in the law, and are not mandatory. There was no dissent in the banking and commerce committee, and I have no remarks to make beyond those I made on December 4.

Clause agreed to.

Clauses 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BUFFALO AND FORT ERIE PUBLIC BRIDGE COMPANY

AMENDMENTS RESPECTING CANADIAN MEMBERS, DESIGNATION OF AUTHORITY, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. 194, respecting the Buffalo and Fort Erie Public Bridge Company.

He said: Mr. Speaker, I think the house would probably wish to have a very brief word of explanation of the bill. I should like to stress in the first place that this is an urgent bill, it is not a routine bill by any means. The urgency arises out of the fact that under legislation of the state of New York the United States representation on the bridge authority will become five members effective as of January 1 next, that figure

having been in effect a reduction from six under legislation that was introduced and passed in the legislature of the state of New York without reference to Canada.

Following representations that were made, further legislation was passed by the legislature of the state of New York reducing the United States appointees from six to five in number effective as of January 1, 1958. Canada has had three representatives on this authority up to this time, and it is necessary to enlarge Canadian representation from three to five in order to bring it into equal numbers with the United States representation on the authority. There are, of course, other provisions in the bill.

May I say also that it is my intention to propose that following second reading, the bill be referred to the standing committee on railways, canals and telegraph lines.

May I indicate to the house some of the circumstances which have led to the introduction of the bill. Briefly, it proposes to amend an act which was passed by parliament in 1934 concurrently with United States legislation to establish an authority to operate a bridge constructed in 1927 between Fort Erie and Buffalo, known as the Peace bridge. The 1934 legislation permitted refinancing, and provided that when the existing indebtedness was repaid that part of the bridge lying within the territory of Canada would revert to this country. A similar provision in the New York legislation provided for the reversion of the property in the United States to the state of New York.

Since 1934 this authority has had a highly favourable record in financial terms and in terms of service performed, and I think it can be said that there was considerable satisfaction, from the Canadian side at least, with the record and performance of the authority. However, by 1962 the retirement of the bonded indebtedness would, under the terms of the 1934 legislation, force the wind-up of the existing authority. Accordingly, some consideration of the future management of the bridge was bound to arise.

In addition, from the Canadian point of view, Canadian representation on the bridge authority was a minority position consisting of three members out of a total of nine. In the normal course of events these matters would not have been expected to arise until sometime in the 1960's, just prior to the normal expiration of the present arrangement. However, about 1955 the city of Buffalo and the adjoining counties were much concerned about the development of the port of Buffalo to take advantage of the increased shipping anticipated as a result of the St. Lawrence seaway development.

[Mr. Fleming.]

A scheme to apply the net profits of the bridge for Buffalo port expansion was proposed, and this resulted in enactment by the legislature of the state of New York in 1955 of a statute creating the Niagara frontier port authority. Of interest to Canada was the fact that this statute placed the Peace bridge and its revenue under this authority. The statute also provided that out of a 12-man authority three would be Canadians, with the right to participate in matters affecting the bridge only. Canada was not consulted concerning this enactment.

Almost immediately following this enactment this oversight was appreciated within the state of New York, and an opinion by the attorney general of the state was given to the effect that such changes could not be effected without the consent of congress and the parliament of Canada. This, of course, was also the position of the Canadian government.

Following this, representatives of the government of the state of New York and the city of Buffalo, with the support of the United States embassy, sought the approval of Canada for the proposed changes. It was stated that the port authority could not function unless it included the bridge project. It was also stated that the terms of the trust indemnity which accompanied the issue of the bridge bonds made it necessary that the bridge and the port be included under one authority if the New York share of the bridge revenues was to support the project.

This request was considered and, while there was a desire to maintain the tradition of co-operation between the two countries, the conclusion was reached that the New York state proposals, as embodied in the Niagara frontier port authority statute, were unacceptable. It was, however, recognized that the United States did have a half ownership interest in the bridge, and therefore had the right to request an alteration in the status of the bridge if they so wished. It was also recognized that because of the reversionary clause some new arrangements would have to be worked out for the period subsequent to 1962, as I mentioned earlier, and that Canada would want action to increase the Canadian representation on the authority from the present position of three members out of nine. Accordingly, the United States embassy was informed that while the proposal was unacceptable, Canada was prepared to discuss appropriate alternative arrangements for the future.

Discussions at the official level followed, and on November 23, 1956, in a further note to the United States embassy, Canada outlined certain principles which it felt should

govern any future arrangements for the operation of the bridge. These were:

1. The control and management of the bridge should be vested in an international commission composed of equal representation from Canada and the United States, with the chairmanship alternating between Canada and the United States from within this membership.

2. The control and operation of the bridge should be kept separate from any other Canadian or United States interest.

3. The first charge on all revenues of the bridge must be the normal operating costs, the amount required annually for normal maintenance of the structure and its auxiliary buildings on both approaches, and the annual cost of such capital works as are required from time to time to accommodate the traffic seeking to use the facility.

Canada also stated its view that any excess or net revenue, after the charges referred to in (3) above had been met, should be divided equally as between the two countries, to be paid to agencies designated by the appropriate legislative bodies.

These principles were ultimately agreed upon, and it was further agreed to retain the existing authority, with suitable alterations, as the best means of implementing the principles. The most important alteration, from the Canadian point of view, was an increase in Canadian membership on the commission to five, or a position of equality, with the additional provision that the chairmanship would alternate annually between a Canadian and a United States member of the commission.

Other arrangements were to provide for the control of increases in tolls, in Canada to be subject to the authority of the board of transport commissioners, and the purposes for which tolls were to be levied. The current and future capital needs of the bridge were to be provided for by the creation of a capital improvements reserve fund into which would be paid a rising percentage of the gross receipts of the bridge up to 14 per cent per annum.

Finally, in accordance with the principles outlined earlier, it was agreed that it would be provided that any net revenues would be distributed in equal shares between Canada and the United States.

These agreed changes were embodied in amendments to the existing New York state act which created the Peace bridge authority. These were passed by the New York state legislature at its last session, and the first version of the Niagara frontier port authority act suitably amended to remove provisions touching on the Peace bridge. A concurring resolution approving the arrangements has been passed by the United States congress.

The bill before this house will, if enacted, complete Canada's part in the arrangements by amending the existing Canadian statute to provide for increased Canadian membership from three to five, for the receipt of 50 per cent of the net revenue from the operation of the bridge, and for extension of the life of the authority until January 1, 1992. This date will provide a period which, taking into account the time necessary for legislative passage and suitable terms of bond issue, and so forth, has been agreed as a suitable period to provide a reasonable life for the authority and yet provide an opportunity for review by both countries in the future.

This bridge, as members will appreciate, is important to Canada because of its role as an economic artery, as a link between Canada and the United States, and as an important customs port of entry. It is also, of course, of considerable direct importance locally as a large employment factor in the town of Fort Erie and surrounding municipalities, in addition to its transportation value.

In this connection the capital works program of the bridge is of considerable national and local importance. A number of important projects, on the Canadian side particularly, require completion. It will be the policy of the Canadian government, through its representatives on the authority, to ensure that the capital works required by the bridge are completed within a reasonable period of time. The capital improvements reserve fund, to which I have made reference, will ensure that not only these works but any others that might be required in the future can be financed either on a cash accrual basis, which has been the policy of the present authority up to now, or by a new loan in one form or another when the existing bond issue has been recalled, whichever in the opinion of the new authority members seems to be in the best interests of the bridge, taking all factors into account.

Finally, the 1934 statute, which this bill proposes to amend, provides in section 11 that the bridge and its real property in Canada shall be subject to assessment and taxation by local authorities. I understand that a satisfactory arrangement for taxation, worked out between the town and the bridge authority, has been in effect for several years and will run into 1962, when it is presumed new arrangements would be worked out. I am sure the house will be pleased to know that it is not proposed to disturb this situation,

and nothing in the amending bill before us will limit or affect this liability to taxation. It has been provided, however, that an amount equal to any amount which may be paid in the way of taxes to a Canadian government entity will be paid to an entity designated by the state of New York.

I should like also, on this occasion, to comment on the spirit of co-operation exemplified by these arrangements. While there were earlier misunderstandings that might have produced more serious problems, these did not long survive once discussions between representatives of both countries took place. From that point on one cannot speak too highly of the attitude taken by the United States representatives, both at the federal and at the state level.

In conclusion, therefore, I would like to say that taking into account the international character of the situation, the arrangements for the future of the bridge appear to be reasonable and efficient and in the interests of Canada. If of course, any problems arise in the operation of the bridge when the new authority has been constituted and has taken office, those matters can be considered and discussed. Any that involve international negotiations can be considered in the light of the circumstances arising from time to time.

May I remind the house, Mr. Speaker, that following second reading it is proposed to refer the bill to the standing committee on railways, canals and telegraph lines.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, may I at the very outset compliment the Minister of Finance on his very fine presentation of the contents of this bill. I want also to say that last night, when the leader of the house announced the legislation which would confront us today, somebody said "important legislation!". The Minister of Finance very rightly answered that it was very important and as he has so correctly pointed out in his introductory remarks, it is particularly important because it goes into effect on January 1, 1958.

Naturally, as the member for that riding which represents Fort Erie in this house, I am vitally interested in this measure, so I hope hon. members will bear with me, as I am not a time waster, if I take at least a few minutes in making some remarks about this bill which is before us at the present time.

I would like first of all, Mr. Speaker, to say that because I am the member for this riding I have had many talks with the ministers of the previous government and of this government, especially the two ministers most vitally concerned, the Minister of Finance and the Secretary of State for External Affairs, the ministers of the Canadian government who dealt with the proposal to place the Peace bridge under the control of the Niagara frontier port authority.

When this port authority was set up, as the minister so rightly said, it was intended to go ahead with this measure without much consultation with the Canadian government, and I want to say that the action of the Canadian government has cemented the friendship which now exists between the state of New York and the province of Ontario and indeed between the United States and the Dominion of Canada.

I have repeatedly seen reports in the press that the Canadian officials felt resentment over this proposal and the way it was raised, but I can assure the members of this house that this is not so. The Canadian ministers in the previous government and in this government as well, in addition to their officials, recognized the right and propriety, and if you like the duty, of the officials of the city of Buffalo and the state of New York to anticipate the day when the state of New York would obtain title to that portion of the Peace bridge which lies within New York territory. The approach of the Canadian ministers was one indeed of complete good will but, of course, being servants of the Canadian people, those officials had to bear in mind the requirements of public opinion in that part of Canada which is most closely affected.

Unrestricted good will could not, therefore, be their only consideration. May I say that plans for a bridge were made during the first great war, but in 1920 the United States congress appointed a commission to inquire into the possibility of building a bridge across the Niagara river. That commission found at that time that the bridge could not be financed by government appropriation, as the citizens' committee had originally hoped. Consequently a private company with a capital of $4 million was formed in New York in the year 1920 by an act of the state legislature to build such a bridge.

The parliament of Canada passed a similar bill in 1923 incorporating a Canadian private company with a capital of $3 million, and gave it permission to amalgamate with the New York company. In the discussions in parliament at that time Mr. McGiverin, who was one of the principal supporters of the bill, emphasized that the company was to be one of public enterprise, an enterprise undertaken by public-spirited citizens in both countries, with the idea that the state of New York and Canada would eventually take over the assets of the company.

As was anticipated when the legislation was passed, the two private companies did amalgamate in 1925 into one company with a total borrowing power of $6 million. Each of the directors subscribed to $50,000 of the capital stock of the amalgamated company, and the public bought about $5 million of bonds, which at that time were paying interest of 7 per cent and 8 per cent. This rate of interest naturally appears high at the present time but was presumably in accordance with the prevailing rates at that time.

The company experienced considerable difficulty in getting started. Its first plans calling for a low level bridge were not approved, and it had to prepare fresh plans to provide for clearance for shipping at the New York end. It then had to secure the consent of the international joint commission. This was given, and construction got under way in 1925. The bridge was opened for traffic on June 2, 1927, and was dedicated on August 8, 1927, by distinguished personages from each country; the vice president of the United States and the Prince of Wales.

During the great depression the bridge company began to run into financial difficulties and was unable to try to attract increased traffic by lowering its tolls because of the high rate of interest on its bonds. The company therefore sought new legislation in New York and Canada to create a public bridge authority which would take over the obligations and assets of the company, carry out a financial reorganization, and provide for the retirement of further debt. The legislature of New York passed such an act in 1933 and the parliament of Canada in 1934. The congress of the United States passed legislation required under the constitution of the United States, as it had done in 1923, to consent to what amounted to a compact between the state of New York and a foreign country.

This legislation of 1933-4 is the legislation under which the present Buffalo and Fort Erie public bridge authority operates today. It is therefore worth some examination. Six of the nine members of the authority are appointed by the governor of New York and three by the Canadian government. The legislation of 1933-4, like that of 1922-3, provides for the day when the indebtedness of the bridge shall have been paid off, by creating reversionary interests in the bridge for the state of New York and Canada respectively.

People in Canada have, by and large, been happy with the way the Buffalo and Fort Erie public bridge authority has carried out its duties. The gentlemen who have served on this authority during the last 22 years have served without salaries. They have maintained the bridge in first-class condition. They have improved the facilities tremendously, and are still carrying out improvements. They have refinanced the bridge at a very low rate of interest, and they have paid off all but a million dollars of debt.

I want to say now, Mr. Speaker, that a little less than a year and a half ago I accompanied a delegation from Ottawa of which the chairman was the hon. member for Kenora-Rainy River (Mr. Benidickson), the then parliamentary assistant to the minister of finance, along with officials from the Department of Finance and the Department of External Affairs, and I am sure they found their two days' visit to Fort Erie and the surrounding district pleasant beyond their expectations. I am also sure they found that the commission was carrying on the running of the bridge in a fine, orderly way, the way in which Fort Erie would wish it to be run, in the best interests of Canada. The delegation met at that time the chamber of commerce and other organizations vitally interested in the operation of the bridge. That committee left a very fine impression on the vicinity of Fort Erie.

Mr. Speaker, I should certainly at this time be remiss if I did not acknowledge a debt of gratitude to John MacDonald of the Department of Finance who, I think, did a tremendous job in conducting these talks between New York state and the Dominion of Canada. When dealing with international subjects one has to be very careful. I found that out myself, having burned my fingers a couple of times in dealing with this bill. But Mr. MacDonald was always most helpful and well informed, and I wish to say to his credit that he achieved practically everything we wanted as far as the Peace bridge is concerned, so that we in Fort Erie owe him a debt of gratitude. He carried out a difficult job in a fine manner, and we appreciate it.

If there has been any quarrel in Canada with the present bridge authority it has been the result of the improvement of the bridge's facilities. Many people have felt that less should have been put into improvements and more into retiring debt in order that the tolls on the bridge might be reduced or abolished.

When copies of the Niagara frontier port authority act were received in Ottawa, they were considered first by government officials. To consider the matter intelligently they had to dig into old files to learn the legislative history of the Peace bridge. They had to look into the circumstances surrounding the legislation. They had to try to understand the Niagara frontier authority act, which is written in a different style from Canadian

laws and which contains many technical expressions which are not used in Canada. A deputation of officials, elected and otherwise, from New York state and the city of Buffalo visited Ottawa and at an informal meeting explained the act.

I referred earlier to the belief of some people that the present bridge authority ought to have concentrated on paying off the bridge's indebtedness rather than on improving its facilities. Certainly there are many people who would like to see the present scale of tolls reduced, and there would be virtually universal opposition to an increase in tolls. The possibility that tolls would be increased in certain circumstances if the bridge came under the control of an organization created for non-bridge purposes has been a source of worry to many organizations in Canada. The town of Fort Erie has been concerned in this regard, and so have trucking associations, to name only two.

I may say, Mr. Speaker, that we were concerned, as the Minister of Finance has said, about the buildings on this side of the bridge. Years ago we received many complaints about conditions on the United States side because they could not handle the traffic adequately. I have seen that bridge on many a day, especially at week ends and on holidays, so crowded that traffic was backed up for a mile or two in Fort Erie because of the inability of United States officials to handle the traffic as far as customs and immigration were concerned. Within the last two or three years the United States has spent $1,500,000 in correcting that situation, and we feel that in order to escape criticism which, indeed, would be justifiable criticism, we should go ahead to make necessary alterations on the Canadian side to enable traffic to be handled in the best possible way.

You will realize, Mr. Speaker, that when traffic has been tied up for an hour or two people get excited, and once they have succeeded in getting through the traffic they try to make up for lost time with the result that accidents often occur. I am sure that with the facilities and the protection provided by this bill we will be able to go ahead with the necessary alterations on the Canadian side. In fact some of the most important works are under way right now.

Hon. members may be inclined to ask what more the Canadian government could want than an equal voice in running the bridge, an equal share of the profits, and the knowledge that its expectation of future clear ownership of the portion of the bridge situated within Canadian territory is completely guaranteed by Canadian law.

There was, however, one additional factor which weighed, I think, very heavily. The present bridge authority is a corporation created by the laws of the state of New York and given certain powers and privileges—and, I might add, duties—within Canada by Canadian law. It is, however, essentially a private company and one which confines itself to providing an international service, namely a means of crossing the Niagara river through which the international boundary runs.

The Niagara frontier port authority, on the other hand, is a corporation created for a public purpose essentially of a municipal nature. It is designed to improve the port of Buffalo. This is a very worthy purpose, but it is not an international purpose.

The Canadian government considered that it would be unsuitable for it to appoint members to the governing board of a corporation which is designed to serve the municipal purposes of the city of Buffalo and neighbouring communities. The Canadian government clearly understood that the members it might appoint would be serving solely with respect to the Peace bridge, but the fact remained that they would in law be members of a corporation the purposes of which were municipal, not international.

I think it is hardly necessary to explain why the Canadian government was not prepared to agree that the Peace bridge as a whole should be managed and operated by the Niagara frontier port authority. The Canadian government would not have been able to explain to the Canadian people why it had abdicated its duty to protect Canadian interests in this important international facility.

From the foregoing review it would be reasonable to assume that when it had decided that it could not agree to the proposal to place the whole Peace bridge under the Niagara frontier port authority, the Canadian government might have been content to leave the present law to run its course. I am not in a position to interpret the laws of New York state, but I know the attorney general of the state of New York was of the opinion that the present status of the Peace bridge cannot be changed by action of the New York state legislature alone; action by the parliament of Canada and the congress of the United States is said to be required. I believe there is no doubt that under Canadian law the status of the bridge cannot be altered without fresh legislation by parliament. It would therefore have been possible in theory for the Canadian government to content itself with a negative answer.

In practice the Canadian government was not ready to do this, because it would have been an unneighbourly act. The city of Buffalo and surrounding municipalities have

indicated their wish to create the Niagara frontier port authority. The state of New York, acting through its legislature and its governor, has approved their wish. Obviously if they want one thing and we want another we must as neighbours living side by side, reach some compromise which will permit them to have the essential part of what they want without substantially injuring Canadian municipalities to which the bridge means so much.

Consequently the Canadian government offered a compromise, as it said in its official reply, "in a spirit of co-operation". The Canadian government would probably have been content to let the law take its course and operate the bridge under some future agreement on a toll system designed to pay the cost of maintenance, operation, improvement, and replacement. It has expressed its readiness instead to co-operate with New York state in paying off the outstanding indebtedness of the bridge out of accumulated surpluses, in terminating the present bridge authority, if that turns out to be desirable, and in operating the bridge thereafter under either one of two systems. Either the bridge could be operated by a fresh bridge authority, or by some modified continuation of the present bridge authority, which would devote itself to the bridge but divide the profits equally between the two countries to use as they please, subject to the requirements of the bridge itself; or, and this might be less practicable, it could be operated on two halves under some sort of working agreement under which of course they would have control of their share of the profits for the maintenance of the bridge and other purposes.

Representing the riding I have the honour to represent, naturally I have had many talks and conferences not only with the chamber of commerce but with the Fort Erie council as well, who are vitally interested in this project and in this bill. I am very happy, as the Minister of Finance explained so well, that the new bill does provide for equality of members on the board. I believe this is provided in clause 1, subclauses 1 and 2.

I think it is only right that we should have equal representation. The Rainbow bridge, which is the bridge between Niagara Falls, New York and Niagara Falls, Ontario has a commission of six members, three of whom are from the state of New York and three from the province of Ontario. This has worked out exceptionally well since it inception. Since the opening of the Peace bridge in 1927 I felt strongly that it had been wrongly set up in having a commission of six members from the United States side and three from Canada.

Again I pay my respects to Mr. MacDonald, through whose wonderful diplomacy when conferences were taking place regarding equal representation on the commission we were able to get the New York state authorities to agree to the establishment of a commission consisting of ten members, five from either side of the border. By his splendid arguments before the New York state authority he was able to obtain an agreement that the chairmanship would alternate between the Canadian and United States sides every year. Ever since the inception of the Peace bridge we have had a permanent chairman from the United States and a vice chairman from Canada, whereas at the Rainbow bridge they have always alternated in drawing their chairmen from New York and Ontario. I am sure the arrangement under this new bill will work out very effectively not only for Fort Erie but for Canada as well, with the alternation of the chairman and vice chairman.

The Peace bridge in 1955 carried almost 4 million cars; almost 40,000 buses passed over the bridge, and 156,000 trucks. The capacity of the bridge is approximately 75,000 vehicles per 24-hour day, and during the tourist, race track and commuter season the bridge operates at about 55 per cent of its capacity. May I just add that one day last July we had an all-time record for traffic crossing the Peace bridge between Buffalo and Fort Erie of more than 43,000 vehicles during the 24-hour period.

I know the government will accept my next comment in the spirit in which it is made. The expansion program, designed to improve facilities and the capacity of the bridge, means the creation of more jobs for customs department men, immigration officers, bridge maintenance staff and allied customs brokerage firms and transport company men. This additional employment will be welcomed in Fort Erie.

Now just a word concerning the fact that this bill increases the membership representing Canada on the commission from three to five members. I definitely feel that the five Canadian appointees to the board should be strong personalities, closely identified with the economic welfare of the Peace bridge area in addition to the over-all Canadian interest in the Peace bridge. I well realize that the present government has the power to appoint these five commissioners, and when visiting my riding over the week ends I hear wild rumours as to who are to receive these appointments.

Might I say here, and I think I should say, that never once, at least to my recollection, did the Liberal party ever attempt to remove any man from the Peace bridge commission because he was not an adherent to our party. I think the present three commissioners, and

I will admit they are Liberals, are three strong men who have served for years without remuneration and have as well served to maintain for the Peace bridge a mighty fine reputation of fairness. It is a commission that has always done its best to handle traffic in the way it should be handled.

Years ago during the inception of the bridge a very strong Conservative from Welland was the solicitor; it is not my intention to mention any names. Upon his death another strong Conservative from Welland was appointed solicitor for the bridge, and upon the unfortunate death of this solicitor we then had appointed a solicitor from Niagara Falls who was known as an adherent of the Liberal party. However, the two former solicitors were very strong Conservatives, and no attempt was made to remove them before they had been called to their just reward. A very fine Conservative member of the Ontario legislature also served on that commission, and no attempt was made to remove him until he passed away. It is my firm belief that if this new government attempted to remove these three commissioners they would be starting a patronage machine in a field where the Bennett government, the King government and the previous Liberal administration never interfered.

Again, Mr. Speaker, I pay my respects to the previous government, to the officials of the previous government and to the officials of this government, the Minister of Finance and his parliamentary assistant, for the very fine way they have handled an international subject of vast importance to Fort Erie. Because of that exceptionally fine handling they have increased that splendid spirit of good will which exists between our two countries.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. 231, to amend the Excise Tax Act.

Mr. D. F. Brown (Essex West): Mr. Speaker, this is a bill having for its purpose the reduction of the excise tax on automobiles generally from 10 per cent to 7½ per cent. This gives me an opportunity to say a word with respect to this industry which is so vital to the economic and social life of Canada. Since 1925 the number of passenger cars manufactured in Canada has grown from 135,573 to 374,126 in 1956. I do not have the value of those cars for 1956, but I do have the 1955 figures, which indicate that 375,028 cars were manufactured having a value of $610,683,424.

In addition to the increase in the number of automobile passenger cars there were trucks and buses manufactured. They grew in number from 26,397 in 1925 to 96,548 in 1956. You will see, therefore, what effect this must have on the economy of the country. In addition to the original number of cars produced and the cost of the cars, there is the question of the maintenance of those cars, trucks and buses. In the year 1955 the industry produced parts and accessories to the value of $523,162,000, which has had an effect on a large segment of the economic life of the country. These were not all produced by the automobile industry but to a large extent by what we call feeder plants, small manufacturing concerns which are situated throughout the length and breadth of this country. They in turn draw upon the basic industries. The textile mills of Quebec and eastern Ontario, the mines of British Columbia and the mines of other parts of the country are called upon to produce raw material or manufactured material going into the manufacture of an automobile, a truck or bus.

The products made by the motor vehicle parts industry in the year 1955 amount to a value of $285,070,612. This consisted solely of metal auto parts. They were their chief products.

Besides the metal parts going into the automobile industry we have the tire production. In the year 1955—I have the figures for each year from 1946 to 1955—the total automobile tire production amounted to $155,463,273. It had grown from $58,810,985 in 1946. Then, of course, besides the tire production there is the production of tubes for automobile tires. In the year 1945 the total value of tube production was $4,544,563. I should say that applies to buses only. In 1955 the total was $3,658,204. For passenger cars it had grown from $2,949,991 in 1945 to $3,352,164 in 1955.

This manufacture resulted in sales which have increased over the years until in 1956 the sales of passenger cars, trucks and buses had reached the almost astronomical figure of $1,454,213,000. In this period, of course, there were sold in Canada not only cars produced in Canada but cars which had come from European sources. In 1925 some 22,165 passenger cars were imported from Europe, and in 1956 that figure had grown to 34,169. There were commercial vehicles as well, and I will give you the figures for 1956. They amounted to 3,845, and over the years that figure grew to a modest extent.

In addition to the cars manufactured in individual years, of course, we have the cars which are already on the market being used day by day and for which licences have been obtained. The registration of motor vehicles of various types has grown. In 1903 there were 220 passenger cars but no motor trucks or motor buses, that is none for which licences had been obtained. There were no other forms of motor vehicles in 1903. By 1956 the number of registered passenger cars had grown to 3,172,853, that is the number registered with provincial authorities throughout Canada. In addition there were 989,434 motor trucks, and motor buses numbered 13,129. The revenue derived from the operation of these motor vehicles is quite extensive. However, I shall not bore the house by giving these details, because they can be found in the statistics provided by the dominion bureau of statistics.

I should like, however, to refer to the income derived by persons employed in the automobile industry. In 1946 the total income of those receiving salaries and wages from the automobile industry amounted to $43,968,772. By 1956 the salaries and wages of these employees—I am speaking only of the automobile industry, and this does not include the feeder plants or allied industries such as textile mills, mines and smelters throughout the country—had grown to $170,836,920. In 1956 there were 40,253 employees on the payroll of the industry. You can see therefore, Mr. Speaker, that this matter is of vital concern not only to the people who are engaged in the industry itself but to those associated with allied industries such as the textile mills and so on.

We felt this tax was something that might be eliminated. Before the election campaign we felt that something should be done about it. As a matter of fact we were pleased when the then leader of the opposition, who is now Prime Minister (Mr. Diefenbaker), made a laudable speech in Windsor in which he called this a scandalous tax. According to the Toronto *Daily Star* he told his audience, mostly automobile workers, of course, and some of them friends of mine:

> —auto (workers) were unemployed partly because of the Liberal government's discriminatory taxes on autos. Its unjust tax policies were pricing Canadian products out of the markets of the world, and shackling municipalities with a desperate lack of revenues. This condition, he warned, would eventually tax real estate "right out of existence" because municipalities had no other revenue source because municipalities had no other revenue sources.

Our own newspaper, the Windsor *Daily Star,* covered the meeting extensively and referred to the fact that the Prime Minister had stated this was an unjust and discriminatory tax. The Prime Minister said at that time that so far as he was concerned this 10 per cent excise tax was a luxury tax. It was discriminatory on the automobile producing centres, and its continuance brought unjustified unemployment. He said the tax should have been removed by the Liberal government at the last session of parliament. I am informed that he did say he would call a meeting of this parliament, not in the fall but in September, for the purpose of removing this tax.

Mr. Fleming: Mr. Speaker, I am rising on a point of order. This is not the first time this matter has been raised in the house. It will be recalled that the same statement has been made—

Mr. Martin (Essex East): Mr. Speaker, this is not a point of order.

Mr. Fleming: —and it will be recalled that when this statement was made in the house the Prime Minister rose in his place and denied he had said it.

Mr. Martin (Essex East): I rise on a point of order—

Mr. Fleming: He denied he had said the tax would be removed.

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order.

Mr. Fleming: The hon. member should not repeatedly attribute something to the Prime Minister which the Prime Minister has said he did not say.

Mr. Martin (Essex East): Mr. Speaker, the hon. member for Essex West was speaking when the Minister of Finance said he had a point of order to raise. The minister made a statement, and it was not a point of order. It was a comment on what the hon. member for Essex West had said. I do not think he should have been allowed to make that statement.

Mr. Brown (Essex West): The Minister of Finance and I have one thing in common, in that neither of us was at the meeting and therefore we have to depend upon what other people tell us took place there. What I have said is what I have been told was said by the Prime Minister at the meeting.

Mr. Fleming: On a point of order, Mr. Speaker, the rule of this house is quite clear that the statement of an hon. member in this house as to what he said must be accepted. The Prime Minister has made a statement in this house as to what he said, and it is not open to the hon. member to question that statement.

Mr. Martin (Essex East): I would ask Your Honour to be very strict in this matter toward the Minister of Finance, who has no right—

and he has done it the second time on the pretext of rising on a point of order—to make a comment on the speech made by the hon. member for Essex West. The suggestion he has made that an hon. member has not the right to refer to observations made by one other hon. member outside of this house is without any serious hope of being accepted by even the hon. gentleman himself.

The hon. member for Essex West was quoting what the Prime Minister is reported to have said during the course of the last election campaign, and it is not open to the Minister of Finance in any way to question the veracity of those reports. The Prime Minister himself can get to his feet in the house and say afterwards that he denies the reports that have been made. Then he will have to be confronted with the reports in the newspapers. But I suggest to you that the hon. member for Essex West, in making the quotations he is making from these various papers of what the Prime Minister said, is perfectly in order, and that the Minister of Finance should not seek to be intervening in this important statement that is being made by the hon. member for Essex West.

Mr. Fleming: Mr. Speaker, the hon. member has not grasped the point of order. The point of order is that this matter has already been dealt with in this house.

Mr. Sinclair: When?

Mr. Fleming: It was dealt with a week ago last Monday, I think it was, when this same statement the hon. member for Essex West is now making was made in the house and the Prime Minister made an emphatic assertion at the time that he did not make that statement. It is an order of the house that statements of an hon. member under these circumstances must be accepted. What we have now is, in my submission, a violation of an order of the house, when an hon. member now comes forward and seeks to repeat that statement.

Mr. Deputy Speaker: Order. If the Prime Minister has said in the house that he did not make the statement, we must accept the word of the Prime Minister.

Mr. Martin (Essex East): Mr. Speaker, with great respect I would submit that that is not a ruling which, on reflection, Your Honour would want to make. The Prime Minister may say that a statement made on a certain day, as reported by a newspaper, is inaccurate. He may say that, but it is open to any hon. member to read those statements, as I propose to do when my turn comes. I suggest to you that the hon. member for Essex West is perfectly in order and that this ruling you have now made is one that would stifle debate in the most serious way.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): In 22 years in this house I have never heard that kind of ruling made. The Prime Minister has a right to say, "I did not say that".

Mr. Bell (Carleton): And his word must be accepted.

Mr. Martin (Essex East): Only in so far as things he said in this house are concerned. As to reported statements outside this house, any hon. member has the right to refer to those statements.

Mr. Brown (Essex West): I think we may call the matter closed now, Mr. Speaker. The people of Windsor and the people of Canada, those who were in attendance at the meeting, know what was said. They recall what was said. I will leave it to their good judgment and that of hon. members.

That is as reported in the Windsor *Daily Star*. Then of course my friend the Prime Minister went on to Oshawa and made a similar speech. At each place he went the promise fitted the constituents. He made a promise there as reported in the Toronto *Telegram*, and I do not think my friends would question what appeared in that paper. According to the Toronto *Telegram* this is what he said:

> He told the automotive town audience his party would lift luxury taxes from cars because they are "an essential part of public and private transportation. There is no more justification for a luxury tax on automobiles than there would have been for one on the horse and buggy 50 years ago".

When those statements were made by the then leader of the opposition, who was the leader of the Conservative party during the last election campaign, we believed him. We felt that these statements made by the leader were sincere. We believed that he had an honest intention to be of assistance to the automobile industry. We believed he meant what he said, and that this was not showmanship to try to sway the multitude and to gain votes.

Then much to his surprise he became Prime Minister. Then we had scurrying to and fro and, as I recall it, the Minister of Finance made several comments on the promises that were made not only through the press but by radio and by television, to the effect—and he can contradict this if he likes—that these promises would be carried out and that they would be carried out expeditiously.

Mr. Fleming: I think my hon. friend will agree that that was a statement made with

regard to all campaign promises. This particular matter of excise tax was not mentioned specifically.

Mr. Brown (Essex West): We are assuming that this is one.

Mr. Sinclair: On May 30.

Mr. Brown (Essex West): I took my hon. friend's word when he indicated that the promises would be carried out. We had a session of parliament open not in September but in October. At that time, although it was rather unusual, in the throne speech as delivered by Her Gracious Majesty the Queen reference was made to financial matters. While it was most unusual, in the speech from the throne which had been prepared by the government of the day, which is the present government, this was said:

> Changes in certain of the taxing statutes will be submitted for your approval.

Then again, as hope springs eternal in the human breast, we looked forward with anticipation to the time when this industry would get some relief from this tax of 10 per cent, which had been a luxury tax, a scandalous, unjust tax, to quote the Prime Minister. But what happened? Instead of a "sputnik" or even a "muttnik" with a little meat in it, this tax reduction could be referred to, I presume, as the excise "dudnik" fired by the Minister of Finance. I say it is a "dudnik" because it had a great deal of publicity. There was a great deal of fire and smoke, but it just fell flat and the people of my constituency so considered it.

We think this measure is wholly insufficient. True, it is a crumb, but it is just a crumb. We feel that it is not at all sufficient, and that it will be of no help to the automobile industry. It will do nothing toward putting the thousands of unemployed back to work in that area or throughout other parts of Canada. We feel that it is an abortion in the excise field. It is of no value whatsoever. While, as I say, 2½ per cent is better than nothing, it is far short of the promise which we had believed in and the action which we had expected to come from the Prime Minister.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the bill now before us has just one purpose, namely to implement the announcement which the Minister of Finance made on December 6 that the excise tax on automobiles would be reduced from 10 per cent to 7½ per cent. As the hon. member who spoke previously has indicated, even though this reduction is very slight at least it is in the right direction, and of course we shall therefore vote for the bill.

Nevertheless we confess that we were amazed, after all the fanfare that has gone on with respect to this matter, that the reduction proposed by the government is so small. As everyone knows, the total return from a tax of any kind is not necessarily in proportion to the rate of that tax. There are times when a tax at a lower rate will produce a greater return than if it were the other way around. We suggest that if this tax had been reduced a little more it might have resulted in a greater volume of sales and therefore a larger return. By reducing the tax a little more or by wiping it out altogether it could have resulted in an increase in employment, with resulting increases in revenue from other taxes, which would more than offset an apparent loss from reduction in the rate of the tax.

Frankly we do not quite know what prompted the minister to bother with so small an amount. We feel that if he was going to deal with this matter at all he should at least have gone to the 5 per cent figure, if not more, and we urge him even yet to consider the desirability of a lower rate. If it is because there were reports going around of what looked like leaks as to the reduction to 5 per cent and he felt, therefore, that he could not come down to that figure perhaps, after the house has pressed upon him the desirability of a lower rate, he might consider that rate being reduced to 5 per cent.

While I am on my feet, Mr. Speaker, I might say just a word with respect to the context in which the minister announced this reduction last Friday evening. He made some general remarks leading up to the announcement, near the beginning of which he did me the honour of referring to something I had said at a meeting in Hamilton on Wednesday night, December 4, to which reference was made in the Toronto *Telegram* of December 5. I quote this paragraph from the minister's speech as recorded at page 2002 of *Hansard* for December 6, 1957:

> The Toronto *Telegram* on December 5 ascribes to the hon. member for Winnipeg North Centre a statement made, I believe, in the city of Hamilton the previous night. The article says he accused the government of: "Hiding the books from parliament until after the next election." I doubt if any of the members of the audience who heard the hon. member make that statement, if he did make it, would be so gullible as to believe it. There will be an opportunity of judging shortly whether that is a responsible or an irresponsible statement.

I wish to assure the minister that I did make that statement, and that developments since then have indicated the responsibility of it. The minister in this bill and in other measures which he has presented to parliament has asked for tax changes in the same session in which parliament has agreed to

increase expenditures. Yet we are not being given a proper balance sheet; we are not being shown the books of the country so we might ascertain the state of our national finances. The minister himself says he did not present a budget the other night, although we suggest it is a budget and should be treated in that manner. However, he comes back and says it is not a budget. The Minister of Justice on another occasion has said it is not necessary in proposing the reduction of a tax to present the whole ambit of the financial affairs of the country.

I suggest, Mr. Speaker, that what is happening is that the minister is asking parliament to make a change here and a change there, but that the full impact of those changes on the finances of the country is being withheld from parliament. There have been some transfers of moneys back into consolidated revenue which had been credited to certain accounts. There are these tax changes, some of which are effective from December 7, like this one, and others which are not effective until January 1.

We have therefore no picture as to what these changes really do to the finances of this country. We have had no report as to any change that might have taken place in our gross national product. We have had no report on the revenues that flow from trade. In other words we simply have not got the picture, and it is my suspicion that we will not have such a picture before this country is called upon to have another federal election. Therefore what has been happening is exactly what I stated at Hamilton last Wednesday evening, and my comment at that time was a responsible statement, in contrast to the irresponsibility of the Minister of Finance in presenting budgetary changes without giving to this country a real and proper budget showing the state of our finances.

It is not too often that I find myself in complete agreement with a certain Liberal newspaper in my city, the Winnipeg *Free Press*, although we are very grateful for the help we receive because of the criticisms of that paper so far as we in this corner of the house are concerned. I am aware that the *Free Press* is critical of the present government, but I must say that I feel that its editorial on Monday, December 9, concerning the budget, in that it was notable for its dishonesty, is well put; because the Minister of Finance is not taking the house or the public into his conference so far as the financial situation is concerned.

Mr. Fleming: On a point of order, Mr. Speaker, the word "dishonesty" is of course clearly an unparliamentary word; and whether my hon. friend is coining it on his own behalf or quoting it as attributed to somebody else, under the rules of this house it cannot be uttered in this house concerning any hon. member, and I would ask that it be withdrawn.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): I am not using the word dishonesty in any personal sense, Mr. Speaker. I am not suggesting that in his personal capacity the minister is doing anything which is subject to indictment in the courts of law, but I am suggesting that he is being unfair and dishonest with parliament when he does not give us the whole picture so far as our finances are concerned.

Mr. Fleming: On a point of order, Mr. Speaker, my hon. friend has used a word, no matter how he may seek to qualify it, which is an unparliamentary word. There is only one course open when an hon. member uses a word which is clearly and completely unparliamentary, and that is to withdraw it. I therefore ask that my hon. friend withdraw it; and if he is not prepared to do that I ask you to direct him to do so, Mr. Speaker.

An hon. Member: Before one o'clock?

Mr. Knowles (Winnipeg North Centre): One o'clock Mr. Speaker.

Hon. J. M. Macdonnell (Minister without Portfolio): Mr. Speaker, may I be allowed to say a word, with the consent of the house?

Some hon. Members: No; it is one o'clock.

Mr. Macdonnell: My point is this. I believe that the hon. member for Winnipeg North Centre, if he considers what he has said, will withdraw the word "dishonest".

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I feel the word is appropriate, and I think I have just as much right to use it as has the Winnipeg *Free Press*, with which publication I agree.

Mr. Deputy Speaker: Order. I do not think the hon. member for Winnipeg North Centre did intend to insult the Minister of Finance and, if he did so, I think he will drop his word "dishonesty".

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am pleased to state that I have no intention of insulting the Minister of Finance and certainly, in using that word, there is no intention on my part of casting a personal reflection upon him in respect of what he did. The sense in which I used it is that it is unfair for the government to treat parliament or the people of Canada in this way, by giving them a budget which is not a complete picture.

Mr. Fleming: Mr. Speaker, the hon. gentleman has not withdrawn the word. He can argue to his heart's content whatever he

chooses to say about "unfair". That is not an unparliamentary word. But the word "dishonesty" and the word "dishonest" are both words which are clearly unparliamentary. They always were and they still are, and there is no way in which the hon. member can skate around and qualify and change the meaning of those words. Those words are unparliamentary. They cannot be used in this house under the rules of this house; therefore they must be withdrawn in their entirety, and if the hon. gentleman is not prepared to do so then I would ask you, Mr. Speaker, to be good enough to instruct him to withdraw those remarks.

Mr. Knowles (Winnipeg North Centre): Perhaps we could both have the noon hour in which to look and see whether there is anything in the rule books about the word in question. It might be there; I have not been able to find it. But I was prepared to meet Your Honour's request to withdraw and remove completely any reflection on the honesty of the Minister of Finance.

Mr. Deputy Speaker: I understand that the hon. member for Winnipeg North Centre has changed the word "dishonest" to the word "unfair", and I will accept that.

Mr. Fleming: May I ask you, Mr. Speaker, whether the hon. member has done that? I did not understand him to withdraw the word "dishonest" in favour of the word "unfair". If he will do that it will be perfectly satisfactory, but he must withdraw the word, and I do not understand him to have done so.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker—

Mr. Fleming: Mr. Speaker, on a question of privilege, just before the adjournment at one o'clock—

Mr. Speaker: Order. I happened to be in my seat and not in the chair at the time and heard the discussion which occurred before the luncheon recess. I think the hon. member for Winnipeg North Centre may have something to say which will clear up the objection taken by the minister, so perhaps we had better hear him first.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, during the luncheon recess I made it a point to read carefully the *Hansard* record of what I said when I was quoting the comment that had been made about the budget by the Winnipeg *Free Press*, and I found that I very carefully made no reference to the minister personally but rather expressed as my own view the opinion of the Winnipeg *Free Press* that the budget was characterized by one thing, namely its dishonesty.

I am the last man in this house to want to insult anyone. I thought I had made it clear before one o'clock that I cast no reflection on the honesty or personal integrity of the Minister of Finance, but that I used the word "dishonesty" in the same sense that the *Free Press* used it, in that the budget as presented to the house was misleading and did not give the complete picture or the full facts to the country. At the request of His Honour the Deputy Speaker who was in the chair at the time I withdrew—I think unnecessarily, because I had not made it—any reflection on the minister himself.

I would say that the only possibility of any reflection being there would be on the basis of what the minister read into my words. I did not intend it and if even my tone of voice implied such a reflection I readily withdraw any comment that might seem to reflect upon the personal integrity or straightforwardness of the Minister of Finance.

Mr. Fleming: I thank my hon. friend, Mr. Speaker.

Mr. Speaker: I wish to express my appreciation of the withdrawal on the part of the hon. member for Winnipeg North Centre and the attitude expressed by the member now.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I hope what I now say will not be construed as reopening that question, because as far as I am concerned it is closed; but I must point out that some of us agree with the position taken by the Winnipeg *Free Press* and other newspapers in this country that the Minister of Finance in his budget, a portion of which we are now discussing, has failed to give us a picture of the present rates of taxation and the present rates of expenditure carried forward into a number of months ahead. The failure of the Minister of Finance to answer questions when he was interviewed as to what would be the financial situation at the end of a full year at the present tax and expenditure rates has been characterized by some newspapers as misleading, as spurious and as deceptive. These are not comments on the minister in his personal capacity, but they do characterize this budget in the terms in which it strikes some of us.

We feel that with a new government coming into power, with changes taking place in our economic and financial situation and with all the changes of expenditures and rates of

taxation, it is unfair and misleading to the Canadian people for the Minister of Finance not to give us a full budget. I am not going over the argument now as to whether or not we should have had a full-dress debate on the motion to go into committee of ways and means with the Speaker in the chair. If we had done that we could have had a full statement on these matters. I wish to make the point that even yet, either on this bill or the next one, or on some one of these taxation measures, or on a motion to go into committee of supply or to go into committee of ways and means, the Minister of Finance should stand up and honestly tell the country what these changes of taxation rates, changes of expenditures, changes in the gross national product and in our foreign trade mean in terms of the nation's balance sheet.

It is in the light of that situation, that unfairness to the Canadian people on the part of this budget, that I made the statement which is now past and gone. I feel very strongly that this matter should be cleared up by a full and proper statement by the minister.

To get back to the bill that is before us, I urge the minister to reconsider the amount of the proposed tax reduction. I will not go over the argument he had with the hon. member for Essex West as to what the Prime Minister said in various places during the election campaign. It seems to me that the Minister of Finance finds points of order to raise in every speaker's remarks today, but surely he will recognize that even after the thought had been dispelled that the excise tax on automobiles would be wiped out altogether, there still remained a general belief in the country that it would be reduced to 5 per cent.

I still contend that we should have some explanation about those reports that looked like a leak as to the intention of the government in this respect. In any case if that is the reason, if it was because of those leaks that the minister felt he had to come down with some figure other than 5 per cent, I urge him to reconsider the matter now and do it if he wants to in response to a request made on the floor of the house.

In other words, Mr. Speaker, as we have already said this is a step in the right direction and therefore we shall support the bill. But we feel that the government should at least have measured up to the reports that were circulated a few days before this bill came in, that the tax would be reduced to 5 per cent.

Hon. Paul Martin (Essex East): Mr. Speaker, as one of the members of parliament in this house from a city where automobile production is the mainspring of the economic life, I naturally would be expected in a discussion of this sort to have something to say, and of course I seize the opportunity at once to do what I believe is my duty not only as a member of this house but more particularly as a member representing a portion of the city of Windsor, the constituency of Essex East.

I am sure we all listened with great interest to the speech made by the hon. member for Essex West, who outlined the position of the automobile industry not only with respect to our own community but with respect to the economic life of Canada generally. The automobile industry received its initial important impetus in that area of the United States and Canada from which we come and the progress that has been made in the automobile industry in both countries is such as to create in the mind of any government the realization that its policies, particularly its taxation and fiscal policies, must bear in mind the great potential growth of this industry and what it has meant to the economy of Canada in the past.

The hon. member for Essex West took advantage of the opportunity to point out not only what the industry means to the city of Windsor, or what I might add it means to the other major centre of production, the city of Oshawa, represented by my hon. friend the distinguished Minister of Labour, but also what it means to many other communities where there are assembling units, parts plants and a whole series of subsidiary industries in which thousands of Canadians make their livelihood. These are the direct corporate relatives, as it were, of the automobile industry.

In addition to that, of course, as we all recognize, through the interdependence of economic action there are literally thousands of other individuals and many hundreds of companies whose existence depends upon the existence and prosperity of the automobile industry itself. The construction of highways, the sale of gasoline, and other examples are so obvious as not to require extended emphasis on the part of any other hon. member. The fact is that the automobile industry, directly and indirectly, is now one of the major factors in the economic life of our society on this continent and, in this particular instance, as our concern is Canada, in Canada itself.

As the hon. member for Essex West pointed out the total dollar value of automobile wages and salaries in Canada in 1946 was somewhere in the neighbourhood of $43 million or $44 million. In 1956, as an evidence of the growth that had taken place, the figure reached $170 million; and I have had an

estimate made which shows that as of today it would reach something close to $250 million. That does not take into account, as I say, all the indirect operations that flow from the automobile industry.

Therefore, for these and other reasons, this particular measure, this proposal by the Minister of Finance, must be regarded by the house as a matter of the greatest importance. But it is not only because it involves the integrity of the automobile industry that we are concerned. As the result of a number of circumstances, at the present time the unemployment situation in the automobile and related industries is such as to disturb us all. It involves the fact that thousands of men are out of work, thousands of Canadian citizens are denied the opportunity to work and receive income, which is an essential requisite in the maintenance of family and individual life. When we in this house deal with matters of policy in one form or another, when we quote figures, whether of dollar or another equivalent value, we sometimes possibly are inclined to overlook the social implications of what is involved.

I am sure the Minister of Finance, who is a very understanding human being, appreciates the consequences that flow from anyone being out of work in our country. The fact is that this particular industry at this moment is not in a prosperous condition. I cannot help but remember the incidents which attended the period between 1930 and 1935 in my own community. Anyone who went through that period will never forget the conditions when well over half the population of our community was on relief and out of work. The consequences of those days in the formation of political judgments of more than a partisan character are such as never to be freed from one's mind. If we ever reach the stage again where the unemployment rolls of our country are anything like what they were during that period, those of us who regard the particular economic and social system that we possess as the most desirable will find ourselves confronted with as serious a challenge in that particular as has confronted us in domestic matters since that time. Therefore the problem of unemployment in any aspect is something that gives us all the greatest concern.

I think it can be argued without much difficulty that one of the reasons—and I do not say it is the only reason—for the present situation in the automobile industry arises clearly out of the uncertainty of government policy in the matter of this particular tax. The government, and the Minister of Finance in particular, on whose shoulders rests the very difficult assignment, has come to the conclusion that the greatest reduction he could make in this tax was one of 2½ per cent.

As those who have preceded me have indicated, this reduction, apart altogether from whatever reasons the Minister of Finance may have had in his mind, has satisfied no one. It has satisfied none of the automobile manufacturers although, in that particular, I must be fair and say that the president of General Motors, Mr. Walker, has expressed some satisfaction with the reduction. The vice president in charge of production of the Ford Motor Company, the president of the Chrysler Corporation and others, but these two in particular, have expressed the greatest measure of dissatisfaction. Likewise, the community from which I come, through its municipal bodies and the men who work in these factories, has expressed its great disappointment and dissatisfaction. All over Canada, as the Minister of Finance well knows from editorial opinions that have been expressed, there has been the greatest dissatisfaction noted on the part of the people of Canada generally.

Mr. Fleming: No.

Mr. Martin (Essex East): My hon. friend says "no". He and I must read different papers. I would refer him to papers published right in his own city of Toronto, all three of them. I would refer him to the papers—

Mr. Fleming: They do not bear you out.

Mr. Martin (Essex East): —that are published in western Canada. I would refer him to expressions in the Winnipeg *Tribune*, the Winnipeg *Free Press*, the Regina *Leader Post*, the Calgary *Herald* and the Vancouver papers. I would refer him to the Ottawa *Journal*, to *La Presse*, and to all those great journals in our country which reflect public opinion, and which have expressed not only dissatisfaction but, as the *Albertan* said, amazement at the announcement of the reduction from 10 per cent to 7½ per cent.

I realize the minister is handicapped in the particular situation in which he finds himself because he has not been able, for reasons best known and not yet disclosed by the government, to explain to the house and the country the reasons for this particular reduction. If, as my colleague from Coast-Capilano said last Friday, and as the member for Winnipeg North Centre has said, my hon. friend had preceded his act by an analysis of the economic state of the nation, he would be in a better position to justify to the country, and to the house, this particular reduction. But in the absence of a review of the economic affairs of the nation through the normal, traditional instrumentality of a

budget, he has, on that account, been precluded from giving an explanation or a reason for this particular reduction.

Can there be any doubt in the minds of hon. gentlemen, can there be any doubt in the mind of any of us that, rightly or wrongly, long before the election on June 10 last we were led to believe that this 10 per cent excise tax on automobiles was going to be removed if the present government were entrusted, as it now has been, with the responsibility of directing the affairs of this nation? Reference has been made by the hon. member for Essex West, by the member for Coast-Capilano and by the member for Winnipeg North Centre to statements that justify my contention that the country was led to believe that if the present government were entrusted with the responsibility of office it would remove this scandalous tax, to use the words of the Prime Minister.

This question was very much in the mind of the preceding government. I know that because, coming from the city of Windsor as I do, I was naturally interested in making sure that we would do everything we could to further the prosperity of an industry that meant so much to the people of my city. This was a question that had concerned us not only within the last period but in 1951 and in 1955.

This particular bill provides an amendment to an act that came into being as a result of the necessity of Her Majesty's government receiving financial resources to carry on the very difficult prosecution of the war, and the obligations that existed in this country as a result of the war during the days of peace. At the beginning it was, admittedly, a war tax measure. The government, however, did effect a reduction in this tax, first from 25 per cent to 15 per cent, and later on the occasion of the last reduction in 1955 to 10 per cent. At the time this tax was reduced the understanding was that this reduction would be passed on to the consumer, the theory behind that action being that this kind of gesture would promote the sale of automobiles and thus contribute to a higher level of employment.

It is true that during the course of the last session of parliament, and indeed in the session, before in 1955, several hon. members on both sides of the house sought to impress the then minister of finance with the desirability of abolishing this tax. Amongst those who took this position was the present Minister of Finance who was, perhaps, louder than anyone else in his denunciation of the iniquity of this 10 per cent excise tax on automobiles.

[Mr. Martin (Essex East).]

Mr. Bell (Carleton): What position did the hon. gentleman from Essex East take?

Mr. Martin (Essex East): The hon. gentleman has asked me what position I took. I was a member of the government. The hon. member knows that what is said in the cabinet is secret, but I am now out of the cabinet. I can say frankly that I took the position that if there were any evidence that the 10 per cent excise tax was in any way causing any unemployment—

Mr. Bell (Carleton): Was it?

Mr. Martin (Essex East): I will deal with that, but let us take one question at a time. Let us deal with the question of abolishing the tax. I might say that was the position taken by my colleague the present Leader of the Opposition (Mr. St. Laurent). With the characteristic frankness and courage that have attended most of the things he has done in public life, when speaking in the city of Windsor about four or five days before the election he said that if he were satisfied the existence of the 10 per cent excise tax was in any way holding up or preventing a high level of employment in the automobile industry, he would see to it that consideration was given to the elimination of this tax. He did not use the word "reduction", but he would see to it that consideration would be given to the elimination of this tax. He was on very strong ground, because for the quarter preceding his statement the sales of automobiles in Canada, in 1957, were up 18 per cent. He was in a position of being able to argue, as he did in my own city four days before the election, that the evidence at that time did not demonstrate that the existence of the excise tax had resulted in a deterioration in automobile sales. The fact was that for the first quarter of the year sales were up.

However, that is not the situation now, and that is the important fact for the parliamentary assistant to the Minister of Finance and the minister to bear in mind. This was not the fact confronting the Minister of Finance on December 6. The fact confronting the Minister of Finance on December 6 was that sales of automobiles were down very considerably, in fact to a greater degree than they were up in the first quarter of 1957. In addition there was an increase in unemployment. We may argue whether or not my contention in this regard is valid, but the fact is that the government headed by the Leader of the Opposition at no time said it would eliminate the tax, except under the circumstances he mentioned.

This is not the situation confronting this government at the moment, and it is not

the situation confronting the Minister of Finance in the very embarrassing position in which he appears to find himself at this moment. When he was on this side his voice, more than any other, was directed against the government for not eliminating the tax on automobiles. This, too, was the view of my old friend the hon. member for Greenwood (Mr. Macdonnell), who was amongst those who took a strong position with regard to this tax.

It is true also that many others who sit on your right at this moment, Mr. Speaker, charged the previous government with not having an appreciation of the problem because the government did not eliminate the tax. But whether that was or was not the case, the fact is that in addition to these requests, these demands, these denunciations against the government over the elimination of this tax, the leader of the government, at a time when he was making an appeal to the Canadian electorate for support, came into the city of Windsor on May 10; and whatever he may say now there is no doubt that as a result of his speech, to which I will make reference, the impression was left with the Canadian people and the citizens of Windsor that he was going to see that this tax was abolished. That was the impression. I want to be fair to the right hon. gentleman who is Prime Minister. In the report of that speech in the Windsor *Daily Star* he said this was a scandalous tax which he thought should be removed, and he would either eliminate it or see that it was removed. That I must say in fairness to him.

Mr. Fleming: Removed?

Mr. Martin (Essex East): Yes. I am coming to that; would either be eliminated or removed. But while that was what he said in the city of Windsor, in other places, if the reports of his speeches are correct, he did not talk only of the elimination of the tax; he talked of abolition.

Mr. Fleming: Mr. Speaker, this matter was raised this morning and, as you will recall, had also been raised previously. My hon. friend is not contenting himself now with stating that a particular remark was ascribed to the present Prime Minister in the speech or speeches to which reference is now being made. My hon. friend has gone further. He has now gone beyond saying what was the impression that some people formed. He has now gone further and said that the present Prime Minister on that occasion said the tax would either be eliminated or removed, both of which terms mean the same thing.

The Prime Minister, sir, when this question was raised on December 2, made a clear and categorical statement on that point; and with great respect I submit that it is not within the order of this house for any member now to make a statement contradictory of what the Prime Minister has stated in this house he said on the occasion in question. Let there be no doubt about what was said. At page 1738 of *Hansard*—

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. I do not mind my hon. friend raising a point of order or asking a question, but he has no right to speak.

Mr. Speaker: I understood the minister was speaking to a point of order.

Mr. Fleming: Yes.

Mr. Speaker: I will hear the hon. gentleman.

Mr. Fleming: The point of order is that when a member of this house makes a statement in the house as to what he said, that statement must be accepted. It cannot be challenged. That is the rule of the house. When this same matter was raised on an earlier occasion that is precisely the position the Prime Minister took. If you look at *Hansard* of December 2, at page 1738, you will find that this same remark was made attributing to the Prime Minister the statement that he proposed to eliminate the tax. As reported in the first column of that page the Prime Minister said this:

> That is not correct. At no time directly or indirectly, did I say that. What I said was—and I repeated it throughout the campaign—that this tax had an effect and that consideration should be given to its reduction in any event.

You will find a similar statement on the same day by the Prime Minister, Mr. Speaker, as reported at pages 1727 and 1747 of *Hansard*. As reported at page 1727, the Prime Minister asked for the withdrawal of a similar remark because he had not made the statement that was then being attributed to him. Again as reported at page 1747, where the hon. member for Coast-Capilano was suggesting that the Prime Minister was saying he had been misquoted, as recorded at the top of the second column, the Prime Minister said:

> No, I did not say "misquoted". I said there was no statement that it would be removed wholly. I have never said that.

An hon. member of this house having made that statement, Mr. Speaker, it is a breach of the order of this house for any hon. member from that point on to proceed and say that the Prime Minister made a statement which the Prime Minister has said in this house he did not make.

Mr. Martin (Essex East): Mr. Speaker, I regard this as an important matter, and I hope the Clerk or whoever looks after the time will have noted the interruption, to which I did not take exception, so I can be allowed to make an argument which I believe is very important to the people I represent in this house.

What I had said was this. I had been fair to the Prime Minister. I had said that in the city of Windsor he was not reported as having said that he would abolish the tax. I said that he was reported in Windsor, on May 11, with regard to the speech he made on May 10, as having said that he would either abolish or reduce the tax. That is what I said.

Mr. Fleming: Oh, no.

Mr. Martin (Essex East): Yes.

Mr. Fleming: No. That is a very different matter.

Mr. Martin (Essex East): I will come to that.

Mr. Speaker: If I may intervene here, although I do not wish to prevent the hon. member from continuing, may I say that my recollection is this. Perhaps he made an error in what he said about the Windsor statement.

Mr. Martin (Essex East): No.

Mr. Speaker: He said "Either eliminate or remove".

Mr. Martin (Essex East): No, Mr. Speaker.

Mr. Fleming: He said it twice.

Mr. Speaker: If the hon. member for Essex East intended to say the other—

Mr. Martin (Essex East): No.

Mr. Speaker: I think he slipped and perhaps we can now take it that that was what he intended to say.

Mr. Martin (Essex East): No, Mr. Speaker. I think that Your Honour, who was preoccupied, did not follow me. I was very careful with regard to the Windsor statement to say that in fairness to the Prime Minister he did not say that he would abolish it. I said that he was reported as saying that he would either reduce or abolish the tax.

Mr. Fleming: No.

Mr. Martin (Essex East): Yes.

Mr. Fleming: I rise on a point of order. My hon. friend did not say "eliminate or reduce"; he said "eliminate or remove". He said it twice.

[Mr. Fleming.]

Mr. Speaker: We had better let the hon. member for Essex East continue his statement. I interrupted him because that was my recollection of what he said, but he said he intended to say the other. If that is so, then we must accept that statement.

Mr. Martin (Essex East): I do not want any confusion on this matter. I am not agreeing—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I am not agreeing for a moment with the point of order. I am simply stating that I am building my case bit by bit to establish what I believe is a very important situation in so far as political morality in this country is concerned.

I have said that in Windsor the Prime Minister made the two statements, but I am not agreeing that it is a valid point of order that any hon. member of this house should be precluded from referring to reported statements made outside of this house by any other hon. member. The rule is clear that any hon. member has the right to deny that he said in this house a particular thing, and that once the denial has been made the hon. gentleman who has made the charge must recognize the statement made by the objector. But no hon. member has the right to preclude another hon. member from referring to quoted statements made outside of this house. That is another point altogether. I have dealt with the situation in Windsor—

Mr. Speaker: I should like to say something on this point of order, because it is an important matter. The rule of the house is clear:

> A statement made by a member in his place is considered as made upon honour and cannot be questioned in the house or out of it.

That is Beauchesne's third edition, citation 241. All hon. members are familiar with that rule. The question is what is the consequence of that rule with respect to debate. The hon. member for Essex East, in his remarks as I have followed them, is really seeking to challenge the statement made by the Prime Minister in his place that he did not promise that he would eliminate the tax in question, that the statement went only so far as promising a reduction of the tax.

I think the point of order is well taken that the hon. member should not, in debate, pursue a line which is challenging the statement made by the Prime Minister in his place on his honour. To that extent I think the hon. member has been out of order in pursuing this course of endeavouring to show that if the newspaper reports are correct, then the Prime Minister did not make a true statement. There is, of course, a way of

challenging a member's statement or conduct, and that would be by substantive motion; but this is a debate, and the rule seems to me to apply to what is said in debate.

Mr. Martin (Essex East): I am not going to question Your Honour because I have such great confidence in Your Honour's deliberations.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. members may not share that confidence in the Speaker, but I have that confidence.

Mr. Bell (Carleton): We have confidence.

Mr. Martin (Essex East): I am not sure that on another occasion I will be prepared to accept such a ruling, but I am very anxious to establish my case and not to have my time run out while we are engaged in discussion in respect of these important points of order in themselves. But whether or not my hon. friend agrees, the fact is that the Prime Minister did make a statement in Windsor to which I have referred, and he has not denied the story.

Mr. Fleming: Mr. Speaker, are we having a repetition of the very thing which you have ruled to be an offence against the order of the house?

Mr. Martin (Essex East): My hon. friend has not denied the statement made in the Ottawa *Journal* on May 30, 1957. That is a journal that does not always support those of us who sit on this side of the house. It says:

> In Oshawa, a city of car production, Mr. Diefenbaker said that if he becomes prime minister a special fall session of parliament would be called to reduce taxes, including the 10 per cent excise tax on cars which would be removed in whole or in part.

That statement was made on May 30, and then there was a statement reported in the Toronto *Telegram*, also on May 30:

> He told the automotive town audience his party would lift luxury taxes from cars because they are "an essential part of public and private transportation. There is no more justification for a luxury tax on automobiles than there would have been for one on the horse and buggy 50 years ago."

And then in the Ottawa *Citizen*—

Mr. Fleming: On a point of order—

Mr. Speaker: I submit that what the hon. member for Essex East in effect, is doing with respect to the last citation from the newspapers, is drawing statements from the press to contradict what the Prime Minister said in the house, and I consider that he is out of order in doing so. If he wants to read quotations which state that the Prime Minister promised to reduce this tax in whole or in part I do not object to that, but the quotation from the *Telegram* definitely seems to me to be a contradiction of the statement the Prime Minister made in the house and I do not think it is in accordance with the rules of debate to challenge a member's own statement in the house.

Mr. Martin (Essex East): Well, Mr. Speaker, I bow to your observation, but I do feel that as the statements speak not of abolition but of an alternative of reduction or abolition, I am not out of order. Am I precluded, for instance, under the rules from referring to the story in the Ottawa *Citizen* of the same day?

Mr. Speaker: To make it clear, I do not object to the quotation from the Ottawa *Citizen,* but I do think the hon. member should not endeavour to cite in the house as true statements newspaper reports that the Prime Minister said he would abolish this tax. That is the point.

Mr. Martin (Essex East): I appreciate that, Mr. Speaker, but the Prime Minister did not deny that. He said he would at least offer to reduce or abolish. What he denied was that he said he would abolish the tax, and I think the Speaker agrees with me in that connection. The Ottawa *Citizen* says:

> John Diefenbaker last night promised that a Conservative government would abolish the excise tax on automobiles and eliminate "in the whole or in the main" all discriminatory excise levies.

Mr. Fleming: Mr. Speaker, on a point of order, it is perfectly apparent that the hon. member is just seeking to ride roughshod over the ruling you have so clearly made. It is a most palpable and obvious attempt to defeat the ruling of the chair—

Some hon. Members: Oh, oh.

Mr. Fleming: —when the Speaker rules the remark of an hon. member completely out of order and he then attempts to—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Martin (Essex East): I will leave it to the Speaker to decide as to whether my conduct in this house deserves the very generous and extravagant tribute just paid to it by the Minister of Finance. I would say to my old friend, and he is a very old friend, that if he would follow the same course in debate in this house he would not get himself, day after day, into such repeated difficulties. Surely it is clear that the Prime Minister did indicate to the Canadian people that he would at least reduce the tax. He went further than that according to these quotations—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Fleming: Again we are just seeing your ruling, Mr. Speaker, defeated in the most palpable way.

Mr. Speaker: We are all conscious of the problem which exists. I think the hon. member for Essex East is also aware of the situation, and until he finishes his statement I do not propose to intervene. He has gone part way and I take it he will observe my ruling.

Mr. Martin (Essex East): Thank you, Mr. Speaker. I do not want to excite the Minister of Finance; I realize he has his problems. I should have thought, as the hon. member for Coast-Capilano said in that very outstanding speech of his the other night, that if objections were to be taken to these statements, undoubtedly the Prime Minister during the course of the election, with the entourage of newspaper men with him, and his coach of newspaper comment, must have seen these articles. I would like him to have denied them at that time.

Mr. Speaker: I think the hon. member would do well to pursue his argument, because the line he is following now is really an attempt to assert the truth of the newspaper articles which have been denied by the Prime Minister. I would ask him to be a little careful in pursuing his argument.

Mr. Martin (Essex East): I have a distinct recollection of what these words of the Prime Minister meant to the people of my community, and I know what the people of Windsor think of this particular situation. They were given the impression at that time that there would be a reduction and then, shortly after he became Minister of Finance, my hon. friend who understandably was not too well acquainted with the techniques and outside relations was embarrassed by a statement attributed to him by the Canadian Press, when without referring to excise taxes specifically he did refer to the budgetary intentions of the government. He, too, in that statement, written by Mr. Harold Morrison of the Canadian Press, did give the Canadian public every reason to believe there was going to be a very important reduction in taxes, and indeed—

Some hon. Members: There has been.

Mr. Martin (Essex East): Then we had in the speech from the throne on October 14 last another statement in this connection. The reason there is this particular situation in the automobile industry is because of the uncertainty and the expectancy which was allowed to be dragged on from May 10 during the course of the summer, punctuated by this reference in the speech from the throne which says:

> Changes in certain of the taxing statutes will be submitted for your approval.

If anyone reads the press of October 15 he will see the big headlines which forecast reductions in certain taxes including the excise tax, all of which add up to this feeling of expectancy which existed in the country about the likelihood of a reduction in this particular tax. The reason we have heavy unemployment in the automobile industry and its subsidiary industries is the whole spirit of uncertainty which has prevailed since May 10, when the statement was made in the course of the election by the Minister of Finance—

Some hon. Members: Oh, oh; the car dealers.

Mr. Martin (Essex East): I know the hon. gentlemen do not like this, but it is our duty to state these things.

Mr. Fleming: It is most entertaining.

Mr. Martin (Essex East): If they do not want to adopt an indirect form of closure all they have to do is listen to what I have to say.

Mr. Speaker: Order.

Mr. Martin (Essex East): A short while ago in the press of this country, including the Toronto *Telegram*, there were stories written right across the front pages which intimated, rightly or wrongly, that there was going to be a 50 per cent reduction in this tax. Under our system of government, certainly as practised in the United Kingdom, there is a clear duty on the part of the Minister of Finance under such circumstances. The minister denied that there was a leak. I am not saying there was a leak because I do not know—

Mr. Fleming: You had better not.

Mr. Martin (Essex East): But I do know there were statements made by responsible newspaper writers in journals which have a status of importance in this country. Why, then, were there no denials of these statements from the Minister of Finance in the house the next day? Was there any denial in this house by the Minister of Finance the next day about this statement?

Mr. Fleming: There was.

Mr. Martin (Essex East): The hon. gentleman says there was. There was no denial made by the Minister of Finance. I should like to ask the minister this question, and I am not speaking about him personally, because while I think sometimes he does make

mistakes in his method of presentation, the last thing I would ever suggest is that he does not possess the fullest sense of responsibility. But I ask him this: Has he fully inquired into the reasons why these stories appeared in the papers? The hon. gentleman does not say anything; nevertheless I ask him whether he has fully investigated the reason and the provocation for these articles?

The Minister of Finance does not answer my question. Perhaps he wishes to reflect on it.

Mr. Fleming: No, he does not need to reflect on it. He will deal with it.

Mr. Martin (Essex East): Before this session is over he will be asked to give a reply to this question, because that story created the uncertainty that existed, as well as the other statements which have appeared over the last four or five months. In our practice, if a story like that appears the Minister of Finance takes the responsibility at once of approving or denying the validity of the reports. That is the practice under our system of government. I will say no more about this aspect of the matter at this time, but I think upon reflection the hon. gentleman will recognize the validity of what I am saying.

Now the Minister of Finance has brought about a reduction of 2½ per cent which, admittedly, is not sufficient. It is regrettable that he cannot explain why it should be 2½ per cent. If he had given the house a budget statement he could have explained why, in the face of all the various obligations facing the government, the reduction could be no more than that figure. This 2½ per cent reduction will, I understand, amount to about $2½ million in this calendar year, and in the course of a full year to $20 million.

Does the hon. gentleman seriously suggest that this particular reduction is capable of stimulating automobile sales to the point where we will be able in the foreseeable months ahead to have a level of employment in the automobile industry consistent with what is undoubtedly one of the objects the minister had in mind? I can only say this to him; that he has done himself little justice in not prefacing this particular tax change by a statement which would outline to the country the economic position of the nation as the hon. gentleman sees it in terms of the additional social expenditures which have been made, in terms of possible expenditures that may be made, for instance, in hospital insurance, and so on.

Is it because the hon. gentleman has embarked upon a program that is away beyond what he considered possible that he found it difficult to take advantage of the traditional practice of prefacing tax statutes by a review of the financial state of the nation? Until the minister does that he will satisfy no one in this country that this particular reduction was the reduction the government really had in mind, and he will not remove the concern which many people feel as to why the reduction should be 2½ per cent and not complete abolition or at least a reduction of half the total amount.

The Minister of Finance has the opportunity now of giving us an explanation of this. He has the opportunity now of indicating why he could not, or did not, effect a greater reduction; and if he takes advantage of it he will be contributing in a very constructive way to the solution of a problem which affects thousands of people in my constituency and other constituencies in Canada, who as a result, in the main, of the policies of this government are out of work.

Hon. J. M. Macdonnell (Minister without Portfolio): Mr. Speaker, I am intervening for a few moments in this debate only because of the fact that the hon. member for Essex East did me the honour of calling me as an involuntary witness to support his argument. I was very surprised when he stated that I had taken a vigorous part in debates on this excise tax earlier in the year, and while my memory is not infallible I thought he was wrong. I have since searched the *Hansard* index, but I could not find that I had anything to say on this subject.

I suppose when one is in difficulty any port in a storm will do and the minister's roving eye just caught me, as I say, as an involuntary witness; and I think I should just explain that I wish to be excused.

I should like now to say a word about the hon. member for Winnipeg North Centre (Mr. Knowles), for whom I have a very great respect and whose arguments I have always thought worthy of respect even while I disagreed with them. But today, if I understood the hon. member correctly, he advanced a proposition which seemed to me one of the most extraordinary ever advanced in this house, and certainly a very extraordinary one to come from him. If I understood him correctly, he practically said that because there had been a newspaper report saying there was to be a 5 per cent reduction, there was therefore an obligation on the government to do that very thing. That is all I could make out of what he said. He may correct me if I am in error, if he wishes to do so, but it seemed to me that was what he said.

Mr. Knowles (Winnipeg North Centre): Will the minister permit a question? Did I not say that if this was because of newspaper

reports, which some people regarded as having been leaked, that it was to be 5 per cent; if that was the reason the minister felt he could not give that figure and made it 7½ per cent, would he not—

Mr. Macdonnell: There we seem to have two things mixed up, one the newspaper report and the other the allegation of a leak. First may I say that I personally think there was no leak; and the suggestion that the government in trying to exercise sound discretion is to be considered responsible for a statement in the press which is alleged to be on the basis of a leak seems to me just as preposterous as what I commented on a few moments ago.

Mr. Knowles (Winnipeg North Centre): Will the minister permit a question on that point? Does he know whether there has been any investigation by the government to ascertain whether or not there was a leak?

Mr. Macdonnell: I know the government believes, and has reason to believe, there was no leak, and that is all I can say or anyone needs to say.

Now I wish to say a word on the merits of this matter. Of course we should have liked to wipe off the whole of this tax. We should like to wipe off all taxes tomorrow, but we had to consider, in somewhat limited circumstances, how much tax relief should be given. We should have liked to give far more. Incidentally, I would remind the house again that there was no reduction given last year.

Second, we have the hon. member for Essex East tossing about figures of unemployment and saying there were thousands and thousands of men unemployed. I notice he did not get down to details in his speech, and I hope and believe the figures are not as bad as he suggested.

Mr. Martin (Essex East): Ten thousand in Windsor.

Mr. Macdonnell: The figures given at the time in newspaper reports were tremendous, and I am inclined to think they were exaggerated. I hope when the final words are spoken we will find that the position is not as bad as the hon. member for Essex East appeared to think.

Another thing I wish to remark on is that he apparently attributed the present position very largely to uncertainty. Well, there is no uncertainty now. The tax reduction has been announced. I just wish to say that I think the hon. member for Essex East has tried in every way to make this appear as a tremendous disaster in the body politic, while I do not think it is.

[Mr. Knowles (Winnipeg North Centre).]

Mr. B. R. Leboe (Cariboo): Mr. Speaker, I intend as usual to take only a few minutes in which to make a brief comment on this bill. Undoubtedly buyers of automobiles throughout the country will welcome the small amount of relief that is given in the reduction of excise tax but I think the very fact that this small reduction is welcome points up the economic position of a great many people in Canada. The few dollars represented by the reduction in this tax will be diminished by the reduction in trade-in value of the automobile which is traded in on the new vehicle. The amount of benefit through the reduction of the tax will be diminished according to the age of the particular automobile that will be traded in on the purchase of a new car.

I think we must consider the individual in the low-income bracket who sees little or no relief whatever in this reduction. I think I may properly question whether a reduction of 2½ per cent in the price of an automobile is going to have any effect on the employment situation. I say believing it to be true that the reduction of 2½ per cent will bring no relief to the unemployment situation to any degree that would be satisfactory to those in that industry.

I also think that if the government were sincere in trying to help those in the low-income bracket a reduction in the sales tax would have been a much more effective way of bringing about that relief. The present reduction is not going to help the people in the low-income bracket in any way and it is that group who would benefit most greatly by an increased reduction. I think we should have gone further and reduced the sales tax or not have bothered with a reduction at all.

As far as the situation regarding the comparison between the tax is concerned it is known that this tax does not affect the householder or the individual who has perhaps just married and is setting himself up in a home in that it offers them no relief whatever. The beneficial results from the present reduction are very meager indeed and will not really be considered by the people of this country as having any material effect upon their lives.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I believe that hon. members of this house and the public are trying to seriously assess just what it was that we had brought into this house last week. It has been described as a budget which the Minister of Finance (Mr. Fleming) strenuously denies it is. It has been described as a financial statement but as such, of course, it is quite incomplete. My

own view is that the only thing we could call it is a "budgie" because it is strictly for the birds.

There has been some argument as to whether a resolution should have preceded this bill. I do not intend to rehash that argument because it has now been settled by a ruling but I would point out to you that on the very wording of the bill I think it can be very strongly argued that this is a measure to impose a tax rather than to eliminate or reduce the tax because if you will examine the bill it begins in clause 1 by saying that—

Mr. Speaker: Order. I think my hon. friend will appreciate that he is contravening the rules in two respects; one, he is challenging a ruling I have already made and, two, he is proceeding to examine the bill in detail when we are only at the second reading stage.

Mr. Zaplitny: I bow to your ruling, Mr. Speaker, and I will not pursue that argument any further but I wish that the Minister of Finance some time during the course of this debate or as we proceed with a clause by clause examination of the bill would give us some information as to whether the pledges made by the present Prime Minister (Mr. Diefenbaker) are being fulfilled by the statement the Minister of Finance made the other day.

Mr. Fleming: I can answer that right now. They are, yes.

Mr. Zaplitny: The Minister of Finance says they are. If that is his statement then he will have to repudiate a great deal of what the Prime Minister said during the election campaign and before. There has been some question as to what the Prime Minister did say but I have not heard this minister or the Prime Minister deny the widely reported statement made during the election campaign to the effect that it was the plan of the Prime Minister if his party was elected to power to call a session of parliament in September in order to reduce taxes. That is not being denied, as I understand it, and to that extent the minister certainly cannot claim that the government is fulfilling its pledges.

The Prime Minister then went on to say that the average Canadian family is overtaxed by $120 a year. Rough calculations would show that in dollars this would mean that in his opinion the public was overtaxed by an amount in the neighbourhood of $500 million per year. The results of the statement of the Minister of Finance to the house about tax changes would appear to add up to approximately $178 million. Again the pledges of the Prime Minister are falling short by something like $300 million. Surely in the face of that the Minister of Finance will not claim the government is fulfilling its pledges.

Before this debate concludes I would also like to have the minister give some information as to the reason for the singling out of this particular tax. The hon. member for Winnipeg North Centre (Mr. Knowles) has already made the case for a further reduction in this tax or the elimination of it but there are other articles on which there is an excise tax and I wonder if when he is replying at the end of this debate the minister would give us a list of the articles on which there is an excise tax comparable to that on automobiles and give us the reasons why this particular one was singled out.

It has been suggested, and again denied by the Minister of Finance, that the reason this particular tax was singled out for reduction, slight as it may be, was because the government was put on the spot by certain newspaper reports which made it appear as if some advance information had got out to the effect that there would be a reduction in this particular tax and as a result of that there were large-scale lay-offs in the automobile industry. The government has assured us that there has been no leak. Of course we can only surmise as to how this information got out and at the moment we have to accept the government's assurances that there was no leak, although there might have been a drip. I would like before this debate ends to have the minister point out to us why this tax was singled out for reduction and why other articles subject to excise tax were not referred to, touched upon or the tax not reduced. I would also like to have him explain why the sales tax was not considered for reduction.

I agree thoroughly with the hon. member for Cariboo (Mr. Leboe) who has just taken his seat, that if it were the desire to spread the benefit of tax reduction as widely as possible among the Canadian people and to give the greatest measure of relief from taxation to those in the lowest income brackets, then certainly the proper way to do it, the proper place to begin, would have been with the sales tax which now stands at 10 per cent and applies to a great many articles which definitely could be classed as necessities or essentials.

I am not discounting the value of an automobile. To many people in Canada it is a necessity; but one must remember that there are still a great number of families in this country who are not in a position to drive an automobile, have not the finances with which to purchase or to maintain one, even if they could purchase one. If the proposal was to give tax relief on that level

to incomes where there is the greatest need, —and that is the lowest level of income— certainly a cut in the sales tax would be much more equitable and effective than this particular bill which we are now considering.

I hope the minister will take advantage of the opportunity to inform the house on the thinking of the government which led them to believe that a tax cut of 2½ per cent on automobiles was a step toward fulfilling the pledge made by the Prime Minister, along with his thinking that the average Canadian family was being overtaxed by $120 a year, because this does not begin to fulfil that pledge and, in my opinion, it does not even begin in the proper place where it could have the most beneficial effect.

Mr. R. D. Thrasher (Essex South): Mr. Speaker, since I come from one of the ridings of Essex county, and from an area which is adversely affected by the drop in the production of automobiles in Canada, I would not want to overlook this opportunity to say a few words. As one who was formerly an employee in the automobile industry, I think I do have some knowledge of this situation. I might say that I was on the platform on May 10 when the Prime Minister (Mr. Diefenbaker) made his statement in the city of Windsor with regard to the policy of the present government and the way in which they were going to handle this matter of excise tax on automobiles.

I should like to assure the hon. members who are present here today that this government has given more than the Prime Minister told the citizens of Windsor on that particular day they would be given. Less than two weeks ago the Minister of National Revenue (Mr. Nowlan) assured the automobile dealers across Canada that they would not suffer any losses if there was a reduction in excise tax. He assured them in such a way that they could continue to carry on their business without having to worry about the consignment policy or the legislation which was brought in by the previous government some time ago, which was not practicable or acceptable to that industry. It did nothing for the dealers of Canada at that time.

It is well known to hon. members that the dealers in Canada did suffer substantial losses in the past as a result of reduction in the excise tax. I might say there is another matter that I should like to refer to, namely the fact that many dealers across the country have substantial inventories of used cars, and any substantial reduction in this tax, of course, would lead to a substantial loss on the part of those dealers. There would be no way in which to reimburse them for those losses that they would take on their used cars.

There is another matter to which I would like to refer. The hon. member for Essex East (Mr. Martin) for whom I have a great deal of respect—

Mr. Martin (Essex East): It is mutual.

Mr. Thrasher: —made a suggestion here today. And I would like to suggest to the house that he was making a little bit of political hay because a week ago last Monday the hon. member referred to the fact that all that was necessary for the government to do was to make a statement concerning this tax and indicate their intention with regard to it and it would cure all the evils in the automobile industry. In view of what he said at that time I am sure all of us will recognize that his remarks here today were made for no other purpose than that of making political hay.

Some hon. Members: Order.

Mr. Fleming: Hear, hear!

Mr. Bell (Carleton): The hay will spoil, too.

Mr. Martin (Essex East): I hope he did.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker,—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Fleming: Mr. Speaker, I welcome this opportunity to deal with some of the statements that have been made here today in the course of this debate.

One thing should not need to be made clear again but the hon. member for Winnipeg North Centre (Mr. Knowles) insists on referring to what I had to say in the house last Friday evening as the introduction of a budget. Let me make it quite clear that it was not a budget; it was a statement of the financial policies of the government and it was a statement of the financial position of the country. I had given the house on earlier occasions an undertaking to do that and that undertaking was fulfilled.

But we have this extraordinary proposition put forward by several speakers in the opposition that the country and the house were not given a financial statement. It is evident, Mr. Speaker, that hon. members making that statement have not taken the trouble to pay the slightest attention to what I had to say about the financial position as detailed at pages 2002 and 2003 of *Hansard* on Friday evening. I went over it in detail, pointing out that we were operating within the limits of the budget introduced by Mr. Harris on behalf of the former government last March

and that within that limit we were assessing now the changes that were evident both in contemplated receipts and contemplated expenditures. I went into that in full detail, Mr. Speaker, and then I finished up by putting a table on *Hansard*.

Now, giving those hon. members opposite who have spoken in the way they have today full credit for intelligence and sincerity, I say that there can be only one inference and that is they did not listen to what was said on Friday night, and they have not taken the trouble to refer to *Hansard* since. What I said on this subject of the financial position, operating within the limits of Mr. Harris' budget, is this, as reported at page 2002 of *Hansard:*

My predecessor, in presenting the budget for the current fiscal year last March, forecast revenues of $5,170 million; expenditures of $5,018 million and a surplus of $152 million. We have now reasonably complete figures for eight months of the year and thus are able to make revised estimates which reflect both the changes in economic development and changes in government policies.

On the revenue side of the accounts I am prepared to accept the forecast which was presented to the house last March.

I went on to point out that there were some variations with respect to the yields of particular taxes that are evident now and I said:

At present it seems probable that receipts from income taxes will be somewhat above the forecast and revenues from customs duties and some commodity taxes will be somewhat below the earlier anticipations, but, on balance, I expect that the various increases and decreases will just about cancel each other out, leaving the total revenue figure unchanged at $5,170 million.

What more could be said about the revenue picture than that, Mr. Speaker? Then, I turned to the expenditure side and I said:

On the expenditures side of the accounts my predecessor had forecast a total of $5,018 million. Since then there have been substantial increases in expenditure arising in part out of changing economic developments and in part from new policies which we have recommended and which parliament has approved.

And, then, sir, I went on to catalogue in detail those changes and the amounts which were reflected in consequence in the balance of ways and means. I said:

For example, we are having to find an additional $25 million for interest and other charges on the public debt as a result of the sharp increase in interest rates which occurred during the spring and summer months.

The second change was this:

Then I am advised by the management of Canadian National Railways that reduction in the volume of rail traffic and higher costs of operation will mean that we shall have to meet a deficit in the railway's operation of about $28 million.

Then, the third change I pointed out was this:

On the policy side. hon. members will recall that increases in public service salaries and in the defence services pay and allowances have been approved in an amount which will total about $100 million for the 11 months of the fiscal year commencing May 1, including statutory matching payments into the superannuation account.

Then, I took the fourth matter:

The increase in old age pensions is responsible for most of the increased deficit in the old age security fund of $50 million.

Then, I took the fifth matter:

Increases in our contributions to old age assistance and to the blind and disabled persons allowances will cost the federal treasury an additional $1 million this year.

Then, I took the sixth matter:

Increases in veterans benefits will add a further $3 million to this year's expenditures,—

Here is the seventh matter:

—and the recent agreement with the provinces to eliminate the "threshold" on unemployment assistance will also cost us $3 million in this fiscal year.

There are seven matters referred to in detail, just as much detail as any minister of finance could give in bringing in a budget. Then, I tallied them up and said:

All these increases add up to $210 million.

Mr. Knowles (Winnipeg North Centre): Would the minister permit a question?

Mr. Fleming: Yes.

Mr. Knowles (Winnipeg North Centre): Would he tell us where he itemized what it will cost to make payments under the hospital insurance act, or under the agricultural legislation before parliament or under the new federal-provincial fiscal arrangements?

Mr. Fleming: Those items are not here because they are not yet in effect. I dealt here with those that have been brought into effect by parliament on the recommendation of the government, and also that one which was specifically announced by the Prime Minister (Mr. Diefenbaker) recently. We are dealing here with expenditures up to next March 31, the next three and a half months.

Then I went on to deal with the way in which we were going to take care of the additional commitments which I had just catalogued. I pointed out that this figure of $210 million would be met, in large part, by three particular things that the government had chosen to do. I pointed out, first of all, we had achieved savings by reductions in estimate expenditures of $64 million. I also referred, sir, to our intention with respect to two items of $50 million each. Here, I read my remarks from page 2003 of *Hansard* of December 6, 1957:

Finally, I do not propose to adopt the practice of my predecessor to transfer large lump sums of $50 million each into what he called "the reserve against assets" and to reduce the unamortized deficit in the superannuation account. I consider it quite unnecessary to do so.

The hon. member for Winnipeg North Centre on the strength of that statement talked about juggling and used other equally erroneous and misleading phrases. The hon. member has evidently forgotten, Mr. Speaker, the way in which Mr. Harris dealt with this matter in his budget on March 14. Here is what Mr. Harris had to say as recorded in *Hansard* of that date, page 2221:

> On the other hand, I propose for the coming year that a further $50 million be credited to the reserve against assets, bringing it up to about $600 million against total assets of about $8 billion.

Now, Mr. Speaker, that is all that Mr. Harris had to say in a very lengthy budget presentation about his intention to credit $50 million to the reserve against assets. What did he say about the other $50 million item? This is all he said:

> I am also proposing to appropriate another $50 million to reduce the unamortized deficit in our superannuation account to $89 million.

That is all Mr. Harris had to say about the second $50 million. The way the former government brought these into the budget was not by way of an item in the estimates; far from it. What the minister of finance at that time, March 14, indicated it was his intention to do in this respect, following his own example in the fiscal year ended March 31, 1957, so far as the first $50 million item is concerned, was simply by government decision to put that sum into the reserve against assets, an executive decision. As to the other $50 million, all he was indicating here was that he would ask parliament to appropriate $50 million for that purpose. We do not consider either of these items necessary or proper to transfer or to set up in the way in which the former government proposed to do, as items charged against the current year.

In this respect, sir, we have said nothing new so far as our position is concerned. When the former government proposed to secrete, to hide these items which otherwise would have gone to swell their surplus still further, we made our position abundantly clear. We disapproved of this way of hiding the extent of the overtaxation.

Mr. Byrne: Mr. Speaker, would the hon. member permit a question?

Mr. Fleming: Will the hon. member permit me to make my speech, and I shall be only too happy to answer the questions when we are in committee of the whole later on.

Mr. Byrne: Mr. Speaker—

Mr. Fleming: We were completely consistent on that. Those who are now talking about juggling or sleight of hand should actually direct those remarks to the methods of the former government which resorted to these expedients to hide the extent of the overtaxation.

Mr. Byrne: Would the hon. member permit a question on that point?

Mr. Fleming: We have given to the house a statement that we do not propose to follow the intentions of Mr. Harris in this regard. Mr. Harris had stated his intention to set up these two $50 million items, and presumably he would have done that some time during the course of the year. He had not yet done it, Mr. Speaker, when that government went out of office. We are not undoing something that was done; we are not taking something out of a reserve, but we are simply saying that what Mr. Harris said he was going to do and did not do, we are not going to do because we do not believe it is sound.

In saying what I said on this subject on Friday evening I believe we Progressive Conservatives are completely consistent with what we have said on this subject in the past. There could have been no surprise on the part of any member of this house who was aware of the facts or who had taken the slightest trouble to inform himself of the position of this party on this matter in times past. I would say if hon. members will read further in my speech they will find the amounts all set out in the tables. They were given a full statement of the effect upon the balance of ways and means of the changes we were inviting the house to make in the two bills that are now before the house, the present one and the one to follow to amend the Income Tax Act.

Having disposed, I trust, of that most misleading charge that was made against us and having shown that we have given a full accounting to the house of the financial position of this country, within the limits of the budget under which we have had to work, the budget of the former government, and having shown very clearly and precisely how the changes we are now inviting the house to approve will affect the balance of ways and means, let me now deal with some of the observations that have been made concerning the present measure and the reduction that it will effect in the excise tax on motor cars.

This tax, of course, has been in effect for a very long time. At the present time, the 10 per cent tax is yielding in revenue $80 million for a full year. The present reduction of 2½ per cent, which is a 25 per cent reduction in the existing rate of tax, will involve a loss of revenue to the treasury of $20 million in a full year and the sizeable amount of $8 million during the present year.

The hon. member for Essex East (Mr. Martin) did his ingenious best to persuade the house to believe, even in the face of the ruling by Mr. Speaker, that the Prime Minister had said something which the Prime Minister made it quite clear in this house he did not say. The Prime Minister has made it abundantly clear for all who recognize and observe the rules of this house that at no time did he say that the tax would be removed or that the tax would be eliminated. He did indicate, as we have done in years past, that we do not like this tax, that we do not like the way the sales tax has operated, that we do not like the way in which the full burden of many of the other taxes is operating. We have already effected a substantial reduction in taxation, infinitely more than hon. members opposite ever thought we would be able to do. I hope that if I hold this portfolio long enough I will have opportunities of proposing to this house other reductions in the burden of taxation. I have not at all forgotten—nor have I departed in thought or intent one iota from it—what I have had to say in times past about the burden of taxation upon the Canadian people and the dangers of that heavy burden blighting incentive in this country.

Therefore let it be quite understood, Mr. Speaker, within the limits in which the government had to operate—a partial year; a budget that had already been adopted; spending and taxation programs already committed on the part of the former government before it went out of office—that the wonder of it all is that we have been able to propose reductions as high as those we have proposed.

Never at any time in his references to the excise tax on motor cars in the election campaign did the Prime Minister mention any particular percentage of reduction. Never did he do that. We are giving fulfilment in the present bill to the Prime Minister's declared wish to bring about a reduction in this tax.

Mr. Speaker, I will not express surprise at some of those very irresponsible things that were said by the hon. member for Essex East (Mr. Martin): I will never express surprise at irresponsible statements coming from my hon. friend. In one of the series of innuendos with which he, with not too great courage, larded up *Hansard* today, there was one in which he sought to leave the impression that notwithstanding denials in this house on behalf of the government, there had been some leak with respect to the government's intention to reduce this tax. I say here today, Mr. Speaker, as I said in the house on December 3 in categorical terms, that there was no leak. I do not know how much more plainly I can put it than that. There was no leak.

Having made my statement last Friday night and having placed this bill before the house I can make some statements now that I was not free to make up until last Friday night. I can say that there could not possibly have been a leak because this matter had not been discussed with any of the officials up to that time. There were two men and two men alone in the government who had discussed what possibly might be done in that respect. They were the Prime Minister and the Minister of Finance and no one else. How could there be a leak?

An hon. Member: One-man government.

Mr. Fleming: No; it is not one-man government.

An hon. Member: Two-man government, then.

Mr. Fleming: In due time this matter was discussed and the appropriate decision arrived at and that decision is now placed before the house. But I am glad to be able to put that statement on the record, Mr. Speaker. I was not able to do it at that time because it would have given rise to more newspaper speculation, and speculation had already done a good deal of harm in the motor car industry. I was therefore not going to say anything in this house that could give any occasion whatever for speculation on the subject. The statements I made in this house from the time I was first asked a question on this matter by the hon. member for Acadia (Mr. Quelch) on November 28 adhere strictly to that responsible course of giving no countenance whatever to these speculative rumours; no countenance whatever.

Mr. Knowles (Winnipeg North Centre): Would the minister permit a question?

Mr. Fleming: Yes.

Mr. Knowles (Winnipeg North Centre): On what date was the cabinet decision taken with regard to this matter?

Mr. Fleming: The decision was taken—

An hon. Member: By the minister.

Mr. Fleming: No.

Mr. Gauthier (Portneuf): Not the cabinet; two men.

Mr. Fleming: The decision was taken following, not before, this rash of rumours that came out.

An hon. Member: When?

Mr. Fleming: The government had no responsibility whatever for any such rumours. The government had no responsibility whatever for the speculation that was indulged in and which some hon. members in this house, with scant regard for the rights and interests of the automobile industry and those employed in it, chose to magnify and give currency to. On some occasions, Mr. Speaker, after listening to the hon. member for Winnipeg North Centre you would have thought that he measured his responsibility as a member of parliament in terms of the extent to which he could turn the House of Commons into a rumour factory.

Mr. Martin (Essex East): I rise on a point of order, Mr. Speaker. I disagree with the political philosophy of the hon. member for Winnipeg North Centre and with many of the things that he does,—

Mr. Knowles (Winnipeg North Centre): Oh, not so many.

Mr. Martin (Essex East): —but as a member of this house I will not agree that it is in order for the Minister of Finance (Mr. Fleming) to make that kind of observation against the hon. member for Winnipeg North Centre.

Mr. Ellis: We consider where it comes from.

Mr. Fleming: The hon. member for Essex East in another of his irresponsible statements this afternoon, undertook to say—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. May I ask what sort of language these two gentlemen would use against each other if they were not old friends?

Mr. Fleming: I will let my hon. friend in on an old secret. My friend the hon. member for Essex East and I first made the acquaintance of each other as freshmen students at the University of Toronto in 1921.

Mr. Knowles (Winnipeg North Centre): You are still pretty fresh.

Mr. Fleming: It happened that on the curriculum for the honour matriculation in this province in the previous year there was in the German course a book entitled "Paule Poppenspaler". If my hon. friend would be interested in following the matter, as a term of endearment applying to my hon. friend opposite, I dubbed him by the English equivalent of that title, namely Paul, the puppet player. While we have strong differences in the house and I have no doubt will continue to do so—

Mr. Knowles (Winnipeg North Centre): What was your name?

[Mr. Fleming.]

Mr. Fleming: I suppose if I were not so fond of the hon. member for Essex East I would really sometime expose his irresponsibility in the house. It is only this deep affection that I have for him that imposes such a severe restriction on me.

Mr. Martin (Essex East): I cannot take all this, Mr. Speaker.

Mr. Fleming: To come back to my hon. friend for Essex East, he had something to say this afternoon about unemployment and about dropping production in the motor car industry. The drop in production in the motor car industry in this country, as compared with 1956 figures, did not begin later than June. The turn in the trend came at the beginning of April this year. What kind of course would that have dictated on the part of a responsible government had there been a responsible government in office at that time? What course of conduct would that have dictated to the hon. member for Essex East, as a member of the government of that time? Do you not think, Mr. Speaker, that his concern for that industry would have been reflected in something that he had to say or, better still, in something that he would have done? I have listened to a good many speeches by my hon. friend—

Mr. Martin (Essex East): Not enough.

Mr. Fleming: —but this is the first time that I recall hearing the hon. member for Essex East in this house advocating a reduction in the excise tax on motor cars. I think the best test of his earnestness in this respect is his record and, Mr. Speaker, that record is not only a record of utter silence on the subject, that record is a complete blank.

We do not even have to go back to former sessions for proof. When the hon. member was speaking in this house on this very subject but a few days ago—to be exact on the 2nd day of December, with the full knowledge of the harm that was being done to the automotive industry by the rash of rumours that was going about with reference to the supposed reduction of 5 per cent; and while steps were being taken in the face of withdrawal of orders to close and curtail operations in some of these industries—did the hon. member even then ask for reductions in income tax? No, he did not. Here are his words as recorded on page 1728 of *Hansard* in the second column—

Mr. Martin (Essex East): What page?

Mr. Fleming: 1728.

Mr. Martin (Essex East): The softness of voice.

Mr. Fleming: He said:

The Prime Minister knows that this situation of unemployment in the automobile industry can be cured tomorrow if this government would simply make an announcement one way or another as to the course it proposes to follow.

Mr. Martin (Essex East): That is right.

Mr. Fleming: One way or the other; either tax reduction or no tax reduction. He was not asking for a reduction in tax; all he was asking for was a statement on the part of the government as to whether they would or would not reduce the tax, because that is enough to meet the problem of unemployment in the light of the curtailment of production which had then been inaugurated by the motor car industry in the light of the rumours that were going about at that time.

Mr. Martin (Essex East): On a point of order, Mr. Speaker, as my hon. friend has done me the honour of quoting my words perhaps he will also look at page 1728 where I said in answer to a question in the following words: "What matter?" the following:

The hon. member asks "what matter?" The matter of the elimination or reduction of excise tax on automobiles.

I regret that I have to announce to my hon. friend that I now have to leave to go to the city of Windsor because of the situation there.

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): Which situation?

Mr. Fleming: Mr. Speaker, my hon. friend is only making things worse for himself, because he has indicated what he had in mind at that time. He has attempted to attribute various remarks to the Prime Minister—quite improperly I might say and without any foundation—but at that time the best thing he could call upon the government to do, having as he had full knowledge of the situation, was to say whether or not it was going to propose a tax cut—either one would be sufficient to put an end to unemployment in the industry in Windsor.

Mr. Martin (Essex East): My hon. friend is bound under the rules to quote a member correctly. Because of the ruling of the Speaker up until that moment I had not referred to the excise tax. The Speaker had said that any direct reference to that subject at that time would be out of order. It was only because of the great help given to me by the hon. member for Notre Dame de Grace (Mr. Hamilton) when he asked me this question:

What matter?

That I said, having been invited by the hon. member for Notre Dame de Grace to explain to what matter I was referring:

The matter of the elimination or reduction of excise tax on automobiles.

Those are my very words and that was the matter to which I referred. I was telling the Prime Minister, as I tell my hon. friend now, that the responsibility for tax policy is not upon the opposition but is upon my hon. friend.

Mr. Fleming: Mr. Speaker, did you ever hear a more laboured explanation than that?

Mr. Lesage: What about your own?

Mr. Fleming: All the hon. gentleman does is to get himself in deeper and deeper. I have quoted his words and they will dog him to the end of his political days.

Now I was asked a question as to how it was that we chose this particular tax for a reduction. The answer is that we thought a fair tax—to the extent to which we were able to act—would be reflected by the 2½ per cent reduction. At this point, Mr. Speaker, may I wish good luck in his hopeless undertaking to my hon. friend the member for Essex East upon his departure.

Some hon. Members: Oh, oh.

An hon. Member: There is no flag on his desk.

Mr. Fleming: I am afraid it is hopeless; I am going to give him my full backing, but I think he is going to need more than that.

An hon. Member: You can say that again.

Mr. Knowles (Winnipeg North Centre): You should know.

Mr. Robichaud: You might once again say tomorrow that you did not say it.

Mr. Fleming: No, I have never denied having said anything that I did say, and I would commend that example to the member who has just interrupted me.

I say that we thought this was a suitable tax to be reduced to the extent to which we did reduce it. That is the position; we had to take a look at the whole field of taxation. We would have liked to have made other changes but we had to operate within the limits of a budget which had been bequeathed to us by the former government. In that respect may I remind hon. members that Mr. Harris last March, with the opportunity of a full 12-month year before him in which to make whatever changes he thought were warranted and justified, found it, within his charitable intent, and within the means of this country to bring about a reduction of $128 million. That was for a full 12-month

period while we, I hope with a full sense of responsibility, have asked this house to put into effect reductions in taxes—on top of his reductions—which will bring about relief to the Canadian people for a similar 12-month period in the amount of $178 million.

Let it not be forgotten that we did one thing which ought to have been done by that former government when, two years ago, it proposed to this house a reduction in the tax from the then rate of 15 per cent to a rate of 10 per cent. They left the full burden of the tax to be paid on cars purchased before the date on which the reduction came into effect to be borne by the dealers of this country.

Hon. members who were in the house in 1955 will well remember that cases were put before the house—actual cases in the experience of dealers in Canada—where they suffered losses running into thousands of dollars just because of that callous action on the part of the party opposite when they were the government. We on the other hand have taken steps which that government said were impossible in order to guarantee to the dealers of Canada, who already have cars on their floors and in their stock upon which they have paid the tax, that they will be able to obtain a refund of tax already paid by them. None of them will, therefore, suffer a loss of a five cent piece as a result of this reduction in taxation. We have also put on record undertakings which we have received that the benefit of the reduction will be passed on forthwith and that the public will receive the benefit of it.

Mr. Speaker, we are growing accustomed to the sort of theatrical exhibition we have seen here today and which we saw here on Friday night. Hon. members opposite delight in delivering themselves of bitter denunciations. Mr. Speaker, in a leading Canadian newspaper last week there is a delightful cartoon. Here is a picture, Mr. Speaker, of a scene outside the front door of the parliament buildings, and here are two hon. gentlemen, obviously members of parliament, obviously members of the opposition, walking down the steps, and one of them is saying to the other: "That was a slashing attack you made on the government just before we voted unanimous confidence".

Well, Mr. Speaker, we have heard the slashing attacks. There will be opportunity now to determine whether there will be on the part of hon. gentlemen opposite a vote of unanimous confidence in the government, because I am telling them now that they will have the opportunity, after their slashing attacks, to vote on the second reading of this measure.

And so, Mr. Speaker, I close with some words which were uttered by Sir Winston Churchill. I think however apt they may have been as applied by him to the people to whom he intended they should apply at the time, he could not have foreseen how infinitely apt they would be as applied to hon. gentlemen opposite. Here are his words:

> So they go on in strange paradox—decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all-powerful to be impotent.

Mr. Deputy Speaker: Order. The question is on the main motion. All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those against, will please say nay.

I declare the motion carried.

Some hon. Members: The motion is carried.

Mr. Fleming: Mr. Speaker, may I bring to your attention the fact that there are more than five members who have risen.

Some hon. Members: It has been carried.

Mr. Gauthier (Portneuf): Nobody rose.

The house divided on the motion (Mr. Fleming) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Anderson
Argue
Arsenault
Ashbourne
Balcer
Barbes
Barnett
Baskin
Batten
Beech
Begin
Bell (Carleton)
Benidickson
Best
Blackmore
Blanchette
Bonnier
Boulanger
Bourque
Brassard
Breton
Brooks
Broome
Brown (Essex West)
Browne (St. John's West)
Bryce
Bryson
Byrne
Campbell (Lambton-Kent)
Campbell (The Battlefords)
Cardiff
Cardin
Caron
Carter
Castleden
Chabot
Charlton
Chevrier
Chown
Coates
Coldwell
Comtois
Courtemanche
Crouse
Deniset
Deslieres
Diefenbaker
Dinsdale
Dumas
Ellis
English
Fairfield
Fisher
Fleming
Fraser
Fulton
Gardiner
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingras
Gingues
Gour
Grills
Habel
Hahn
Haidasz
Hamilton (Notre Dame de Grace)

Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Houck
Huffman
Irwin
Johnson (Kindersley)
Johnston (Bow River)
Jorgenson
Jung
Kennedy
Kirk
Knowles (Norfolk)
Knowles (Winnipeg North Centre)
Kucherepa
Laflamme
Lafontaine
Lambert
Landry
Lavigne
Leboe
Leduc (Gatineau)
Legare
Lesage
Lewry
L'Heureux
Low
MacDonald (Antigonish-Guysborough)
Macdonald (Kings)
Macdonald (Vancouver-Kingsway)
Macdonnell
MacEwan
MacInnis
MacLean
Macnaughton
Macquarrie
MacRae
McBain
McCleave
McCullough
McDonald (Hamilton South)
McGee
McGrath
McGregor
McIvor
McMillan
Maloney
Mandziuk
Marler
Martin (Timmins)
Martini
Michaud
Milligan
Mitchell
Monteith
Montgomery
Morton
Muir (Cape Breton North and Victoria)
Nixon
O'Hurley
Olson
Pallett
Patterson
Pearkes
Peters
Phillips
Pickersgill
Poulin
Proudfoot
Quelch
Rea
Regier
Ricard
Roberge
Robinson
Rynard
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Schulz
Simpson
Sinclair
Small
Smith (Lincoln)
Smith (Simcoe North)
Starr
Stefura
Stewart (Winnipeg North)
Stinson
Taylor
Thomas (Middlesex West)
Thompson (Northumberland)
Thrasher
Villeneuve (Glengarry-Prescott)
Villeneuve (Roberval)
Vivian
Walker
White
Winkler
Wratten
Yuill
Zaplitny—175.

NAYS—Nil.

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

On clause 1.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, as is now very clear, there is unanimous support in this house for the proposal that the excise tax on automobiles should be reduced. It is also unanimous that it should be reduced at least as far down as to the rate of 7½ per cent. Some of us still feel that it should be reduced still further.

Mr. Benidickson: Try a vote on that.

Mr. Knowles (Winnipeg North Centre): And I propose in a moment to make a motion to that effect.

Hon. members can see, if anyone questions the validity of my motion, that my desk is loaded with the authorities. There are those who might argue that this tax should be wiped out altogether and I think there is a good case to be made for the fact that automobiles are not today the luxury they used to be. They are, to a great many people such as farmers and workers, a necessity. Indeed, even to those who use them for pleasure, they are a necessary part of life as we live it today. Nevertheless, Mr. Chairman, we in this group feel, as has already been indicated by the hon. member for Dauphin as well as by others, that there are other places where a tax reduction should be effected. Therefore, we are at this moment proposing that the excise tax on automobiles be reduced to 5 per cent. We suggest that figure as a mark of responsibility. We also feel that it comes a lot closer to the figure that the government would like to have moved itself.

Now, Mr. Chairman, I doubt whether it is necessary to speak at length to make a case for the reduction of this tax; therefore, I conclude my remarks by moving my amendment. I move that:

Clause 1 be amended by deleting from line 8 the words "seven and one-half" and by substituting therefor the word "five".

The clause would then read:

Automobiles adapted or adaptable for passenger use, with seating capacity for not more than 10 persons each . . . five per cent; the tax on automobiles applies on the total price charged for such automobiles, which price shall include all charges for accessories, optional equipment, or any other charges contracted for at the time of sale, whether charged for separately or not; the tax does not apply to automobiles imported under Customs Tariff items 702, 705a, 706 and 707.

I trust, Mr. Chairman, that the committee will accord to this further reduction of the excise tax on automobiles the same unanimity that we were happy to give to the proposal that was before us on second reading.

The Acting Chairman (Mr. Rea): All those in favour of the amendment—

Mr. Fleming: Mr. Chairman, on a point of order, I submit to you that the amendment is out of order and should be so ruled. This is an amendment introduced by a private member, which has the effect of increasing the proposed reduction in taxation and would thereby remove from the revenue of this country an additional $20 million in a full year and an additional $8 million in the remainder of the present fiscal year. In my

respectful submission no amendment to that effect can be introduced by a private member.

The rule in this respect is clearly established, Mr. Chairman, and there is nothing in the ruling made by Mr. Speaker on Monday that reduces in any particular the full weight of the well-established rule which the present amendment seeks to violate. There are many authorities that can be pointed to. My hon. friend says he has his. I draw your attention to a passage in May's fifteenth edition, a well-known and standard work, which Mr. Speaker declared on Monday to be fully authoritative in relation to the rules of this parliament. There is a passage at page 683 which says:

> Hence, on the analogy of a financial resolution, but without the royal recommendation, the motion by which a tax is proposed in committee of ways and means is now treated as the effective expression of the financial initiative of the crown, and therefore as the standard in relation to which the admissibility of amendments is determined.

We are not in committee of ways and means, Mr. Chairman, but we are in committee of the whole, and in my respectful submission there is no difference.

This matter has been before our own house on previous occasions. On the 2nd day of March, 1936, there was before the house a motion by a private member in the following terms:

> That, in the opinion of this house, all rural telephone companies should be exempt from federal income tax.

In the journals of the house of March 2, 1936, volume 74, at page 90, you will find this paragraph:

> Mr. Speaker ruled the said proposed motion out of order for the reason that it is not framed in such abstract or general terms that it can be entertained by the house. The proposal made therein is for a special reduction in the public revenue. The item to be struck out is mentioned, namely, the income tax levied on rural telephone companies. Such a proposal can only be entertained in the committee of ways and means, and, as May says, page 544, "these proposals must be grafted upon the financial scheme submitted by the government and it must not affect the balance of ways and means voted for the service of the year." True, the motion says that the exemption of the tax "should" and not "shall" be made, but even at that I think the proposal ought to be considered in the committee and not by the house, for it is essentially a ways and means resolution.

The fact that the present amendment is introduced in the committee of the whole does not in any sense take it out of the terms of the ruling there made by Mr. Speaker Casgrain. On that occasion he was saying that if the amendment is not one framed in abstract or general terms, but is one for a special reduction in the public revenue, then it must be ruled out because any such proposal must be grafted upon the financial scheme submitted by the government and it must not affect the balance of ways and means voted for the service of the year. It is quite obvious, judged by that, this present amendment is clearly out of order.

There is a more recent example, Mr. Chairman. On May 3, 1951, the house, in committee of ways and means, was dealing with the first in a series of resolutions. The first resolution proposed an increase in the sales tax from 8 per cent to 10 per cent and it was strenuously resisted by all parties in the opposition at that time. First of all, there was one amendment introduced by Mr. Thatcher in the following terms:

> That clause 4 of the proposed resolution be deleted and that the following be substituted therefor:
> That it is expedient to introduce a measure to impose taxation on capital gains to the extent of $16 million so as to maintain the balance of ways and means.

The purpose of Mr. Thatcher in introducing the amendment in that form was to avoid interference with the balance of ways and means. It had been estimated that the result of carrying into effect the resolution then before the house would have been to increase the revenues by $16 million and therefore Mr. Thatcher, in seeking to eliminate that proposal, felt that in order to preserve the balance of ways and means he had to propose an alternative tax to yield revenue of an equal amount. This amendment was ruled out of order in committee, there was an appeal to the house and the ruling that the amendment was out of order was sustained in the house.

Then, there was a second amendment attempted. In this case, Mr. Shaw moved the following amendment in committee of ways and means:

> That clause 1 of the proposed amendment to the Excise Tax Act be deleted and the remaining clauses be renumbered accordingly.

This amendment was ruled out of order by the chairman. There was an appeal to the house and the ruling of the chairman was sustained. It seems to me, Mr. Chairman, that the amendment now submitted by the member for Winnipeg North Centre is absolutely on all fours, for the purpose of your determination, with the second amendment, the amendment of Mr. Shaw, because it has the effect which I have cited in May. The ruling that was then made was not popular with the opposition at that time, but it was nevertheless the ruling of the chairman of the committee of ways and means who was also chairman of the committee of the whole, and that ruling was sustained. It is, in my respectful submission, a binding precedent, and therefore I submit to you that this amendment, which

would have the effect I have indicated, is clearly out of order and should be so ruled.

Mr. Knowles (Winnipeg North Centre): I appreciate the attention the Minister of Finance has given to the question as to whether or not this amendment is in order. I have taken notes of the points he has made and I shall answer each one of them. First of all, I should like to make the case for the validity of my amendment on the basis of my own study of this situation. May I point out that Mr. Speaker did make a very clear-cut ruling on Monday of this week. He ruled that the bill which we are now discussing did not come under the usual requirements regarding ways and means resolutions. He based that ruling on a citation in May's 11th edition, to the effect that when a bill seeks merely to reduce a tax it does not require the royal recommendation and the prior committee stage.

Now perhaps at this point I have to deal in part with what the Minister of Finance has said. On Monday Mr. Speaker put this bill in that section of the rule books that deals with exceptions to the requirement that there be the royal recommendation and the prior committee stage. I might say that the main citation from which the minister has read just now comes from those sections in May which deal with the kind of bills where the royal recommendation and prior committee stage are necessary. May distinctly separates the two kinds of bills. May says that when a bill does provide for the imposition of taxation or an increase in taxation, then it has to have the royal recommendation and the committee stage. There follows from that, on bills of that kind, the citations about the balance of ways and means which cannot, in those instances, be disturbed.

I tried my best, Mr. Chairman, both on Friday and Monday to persuade the government that in this instance they should not follow May for the reason that May is based on the practice of the British house, and also to get the government to follow the practices in this house which were followed, for example, last March and April by Mr. Harris when he introduced ways and means resolutions prior to the budgetary bills he brought in at that time, all of which made reductions in taxation.

I ask the Minister of Finance to follow me closely on this. On Monday Mr. Speaker, urged to do so by the Minister of Justice and others on that side, quoted from May at page 572, this sentence:

> Hence a bill for diminishing or repealing a tax or other public burthen, unless the imposition of a new tax is proposed by way of substitution, needs no royal recommendation or preliminary committee stage, and is brought in upon motion.

Now, Mr. Chairman, one should take the trouble to look at May. May I draw your attention to the fact that beside that citation is a marginal note which says "Reduction of duties, see page 565; of charges, see page 601". I would think that anyone studying procedure, when he sees a note like that, would turn to those pages to see what they say. I will not take time to read what is said on page 565 because that page refers to duties and we are now on taxes, but I do draw the attention of the committee to page 601, as suggested by the marginal note on page 572, and here is what it says:

> Reduction of Charges.—Proposals to reduce a burthen upon the people may be made in the house or in committee, no special form of procedure being prescribed for such a motion, or for the introduction of bills which are strictly confined to the reduction of a tax or charge upon the people.

Now note this next sentence. This is what follows from the ruling made by Mr. Speaker on Monday. This is what follows from Mr. Speaker's use of the citation which I felt should not be used but which was used. This is what follows:

> It follows that amendments for the reduction of charges, such as of taxes, rates, salaries, tolls, and penalties, can be moved when a bill is considered upon report; and this has been permitted even when, by indirect effect, an amendment created a certain amount of charge.

That is the position in which the government has put this matter. The government asked the house to rely on May. The government asked the Speaker to rule in keeping with May that this was not the kind of bill requiring the royal recommendation, not the kind of bill requiring prior committee stage. The government having requested it to be done in that way, I submit that the government must be consistent and follow through.

In that sentence which I just read, where it says that an amendment can be made in a case like this for a further reduction, there is a reference to a footnote. The footnote at the bottom of page 601, namely footnote 3, refers one to the British House of Commons for a very interesting date, namely July 1, 1853. I have here the *Hansard* of the British House of Commons of July 1, 1853. I find that on that date the then chancellor of the exchequer, who at that time was the Right Hon. W. E. Gladstone, brought in a resolution for the reduction of a certain tax. The tax, oddly enough, was one on advertisements in newspapers and other periodicals upon which up to that time there had been a tax of one shilling and six pence. Mr. Gladstone moved that that tax be reduced to six pence.

I may say that I wondered a bit, when I first saw this citation at page 601 of May's 11th edition, whether this reduction that

could be made by way of amendment in committee was one that could be made only by a minister of the crown or whether it could be made by a private member. The very first instance that I turned to, simply following through what May tells you to do, is this instance in which Mr. Gladstone was met by an amendment by a private member, Mr. Milner Gibson, who moved an amendment that the tax on advertisements in newspapers and periodicals be reduced from six pence to zero. There was debate. Mr. Gladstone opposed it vigorously, contending for his proposal that the tax should remain at six pence. There were two or three votes in line with the procedure that they have in the House of Commons at Westminster, at the end of which the amendment carried and the tax was wiped out altogether.

Mr. Chairman, the matter is just as clear as that. The citation Mr. Speaker read on Monday, on the basis of which he made his ruling, is clear—and it is the government's ground, not mine—that this was to be regarded as a bill not requiring royal assent, not requiring prior committee stage. May says that in such circumstances when we are in committee on the bill, an amendment can be moved reducing the tax still further; and the instance that May gives, as I say, was on July 1, 1853, in the British house where the government proposed a reduction of a tax and on a private member's amendment like unto the one that I have now moved the tax was reduced still further.

Mr. Maloney: May I ask the hon. member a question?

Mr. Knowles (Winnipeg North Centre): Yes.

Mr. Maloney: Would the hon. member inform the committee whether or not objection was taken by way of points of order in the case he cited in the house in Great Britain?

Mr. Knowles (Winnipeg North Centre): Objection was not taken in that case. I am glad the parliamentary assistant to the Minister of Labour raised that point because that is exactly what I was coming to, namely another instance a few years later where objection was raised by way of a point of order. I came upon this instance by following through the citation which the Minister of Justice gave when he was speaking to his point of order on Monday. He read from a little later edition of May, namely the 15th edition, and he quoted from page 764. Hon. members will recall this sentence that he read;

> Provisions for the alleviation of taxation are not subject to the rules of financial procedure. The repeal or reduction of taxes, for instance, by the finance bill, is sometimes preceded by a specific ways and means resolution but this procedure is neither necessary nor usual. Thus, provisions for the repeal or reduction of taxation, the granting or extension of exemptions, the creation or increase of drawbacks, etc., may be presented in bills or inserted by amendment without the preliminary sanction of a ways and means committee.

What I will never understand, Mr. Chairman, is why the Minister of Justice stopped there. Surely in his study he must have noted that there was just one more sentence in that paragraph. He did not read it to us. He must have read it when he looked this up. That one more sentence says this:

> The effect of this principle on the power to move amendments to bills will be stated on page 777.

I would think that the Minister of Justice, with his knowledge of how you must follow these things in procedure through to their logical conclusion, would have looked over to page 777 in order to see where he was being taken by his insistence that in this house the government has the right, as in the parliament at Westminster, to introduce a bill such as this without a committee of ways and means resolution. If you do exactly what May says, namely turn over to page 777, you find this paragraph:

> Provisions Reducing Existing Charges
>
> The rule that the repeal or reduction of an existing tax, though it may be embodied in a ways and means resolution, is not subject to the rules of financial procedure, applies to the committee and also to the report stages of bills. Hence at these stages amendments are in order to reduce or omit drawbacks or other alleviations of existing taxes proposed by the bill.

There are more sentences in that paragraph but I am sure that I am not leaving out anything that is pertinent to the argument. The point is that at page 777 the logical conclusion to what the minister took from page 764 is stated, namely that if you are going to contend—and I did not take this ground; I wanted the government to do it the other way and the hon. member for Coast-Capilano wanted the government to do it the other way—or if you are going to take the ground that this is the kind of bill concerning which you do not need the royal recommendation or a prior committee stage resolution, then it follows that in committee on the bill amendments can be moved raising or lowering the taxes proposed in the bill.

In this instance at page 777, if one looks to the footnote that is referred to in that paragraph, he finds that he is taken to the House of Commons debates for 1917-18; and on that occasion he will find that there was a proposal to make provision for a reduction in the amount of abatement on the liquor tax levied under United Kingdom legislation. I may say to the parliamentary assistant to the Minister of Labour that points of order were raised as to the propriety of such an amendment being moved by a private member, but the chairman ruled that since this was the kind of bill

that was being proceeded with outside of the financial regulations, since this was the kind of bill that was being proceeded with in committee of the whole without a prior ways and means resolution, it was appropriate for a private member to move an amendment reducing the tax or an amendment restoring a tax that was being reduced to a higher level, provided it was not made higher than it was originally.

I may say there was another instance which was referred to in these various notes which take you to the British *Hansard*, namely one in 1868 and on that occasion also the propriety of the motion was questioned by a member on the government side, but the chairman ruled—and as a matter of fact he referred back to the case in 1853—that this was in order so long as you were working, not within the framework of the kind of bill that requires royal approval and the prior committee stage, so long as you were working within the framework of the kind of bill which is merely for a reduction of a proposed tax.

Mr. Chairman, I am asking this house to be consistent. I am asking the house to do the same thing which was done on Monday, to treat this as a bill, not in the terms in which we wanted it to be treated, but in the terms of the Speaker's ruling, namely that it was the kind of bill that was only for a reduction and therefore did not require a ways and means committee resolution in advance.

As I say, Mr. Chairman, that was not my position, but when the Speaker ruled that way I accepted the ruling and I would like a ruling to be made today consistent with the ruling which was made on Monday. If you look at the citations in our own books which support the position I am now taking, you will find for example in Beauchesne's third edition, citation 502 which reads:

> A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

Now that refers to a ruling that was made by Mr. Speaker Lemieux on April 28, 1924, by a coincidence, on a motion by my predecessor, the former hon. member for Winnipeg North Centre, Mr. J. S. Woodsworth. It was a motion put when the Speaker was in the chair; it was not a proposal in committee, but Mr. Speaker Lemieux, despite the fact that there were strong objections to Mr. Woodsworth's amendment and having taken the matter under consideration over the week end and having come back with a lengthy ruling, ruled in part,—and I will only read a sentence or two of it, recorded at page 1533 of *Hansard* of April 28, 1924. After having quoted Mr. Speaker Rhodes he said:

> The private member's right to move for a reduction of taxation suffers no limitation under our parliamentary rules and usages.

Then Mr. Speaker Lemieux went on to quote May at page 469 and at page 506 and so on, and also to give an instance of something which Mr. Fielding had done—which gentleman he described as one of the oldest members of the house and as a very eminent authority on parliamentary procedure—with respect to the moving of an amendment on the motion for a committee of ways and means.

Mr. Speaker Lemieux then declared Mr. Woodsworth's amendment in order and it is on the basis of that ruling that Beauchesne wrote his citation 502 that a private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged. May I also draw your attention to citation No. 497 of Beauchesne's third edition as follows:

> No member other than a minister of the crown may introduce a bill for the reduction of duties.

That is clear, and no one is arguing otherwise.

> The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility.—

Now listen to this:

> —This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

Now, Mr. Chairman, that citation No. 497 is a companion one to citation 484. We are all familiar with the terms of citation 484 which permits members to make motions reducing, in committee of supply, the amount of a grant. By the same token, citation 497 gives to members the right, in a committee on a taxation bill, to move the reduction of taxes levied by that bill.

Now I turn to some of the arguments advanced by the minister. He talked about the balance of ways and means, but the Minister of Justice the other day said that this is not a budget and we are not called upon to go through the whole ambit of the financial affairs of this country. This is just a reduction in taxes—it is as simple as that. The Minister of Finance also said today that this is not a budget; we are just working within the framework of the budget that was brought down by the former minister of finance, Mr. Harris.

Well, Mr. Chairman, what right has he to say that his tax changes do not represent

a budget and yet to deny to us the right to propose a further tax reduction by saying that such a reduction might upset the balance of ways and means, or in other words upset the budget? Here we are, with reference to the minister's quotation from page 683 of May's 15th edition, in the position where the minister when quoting from this page is actually quoting from the section in May which deals with a proper budget or with bills that have had royal recommendation and have been preceded by a ways and means resolution.

When it is done that way it is a different proposition. If you look at page 683 you will see that it does come within the section on the financial procedure when bills are brought in under a proper budget, as we wanted this one to be brought in. If it is done that way then no one can move an amendment to those bills except a minister of the crown.

But the minister did not bring in this bill under that section. He brought it in under the provisions quoted by the Speaker, for example, at page 764. That is in the section of May headed "Matters not Requiring a Ways and Means Resolution". Now when you are dealing with matters not requiring a ways and means resolution you are under a separate set of rules which includes a clear-cut statement that a private member in committee on the bill can move to reduce the tax. It gives three examples, one which happened in the United Kingdom and which was passed and the other two, while they were not passed, neverthless were ruled in order, debated and voted upon.

So I say that is the answer to the attempt of the Minister of Finance to quote May's 15th edition at page 683. When he speaks about not upsetting the balance of ways and means he is quoting from that particular section which applies to a bill brought in in the proper way as a budget bill, with a ways and means resolution in advance of it. This bill has been brought in under the excepting paragraphs that apply to a bill which has the effect of only reducing taxes.

The Minister of Finance quoted the instance on March 2, 1936, where a motion to reduce or eliminate the taxation on rural telephones was proposed by a private member and ruled out of order by the Speaker. Of course it was out of order because the citation I read a moment ago from Beauchesne's third edition says that a private member cannot bring in a bill for the reduction of taxes but a private member can move for a reduction in a tax proposed by the government.

In the case of the motion on March 2, 1936, it was not an amendment to reduce a tax proposed by the government; it was a substantive motion by a private member and I agree it was out of order.

As for the other two instances to which the Minister of Finance referred—the one where Mr. Thatcher moved an amendment for a reduction in a tax and the other where the member for Red Deer moved a similar amendment—may I point out that in both of those cases those were amendments moved to taxes that had been brought before the house through the medium of going through the committee of ways and means. That brought those measures within the framework of the sections in May which deal with the proper and normal financial procedure.

Mr. Chairman, the government sought to take this out of the section having to do with normal financial procedures. The government asked the house to deal with this bill as one of these exceptions; one of those cases where because there is only a reduction in taxation one does not have to go through all that procedure. But we cannot have it both ways. You cannot take this outside the normal procedure and then try to get back to the normal procedure because it proves more convenient, or because my amendment creates an inconvenience.

I say to hon. members opposite very earnestly that they will remember certain things which happened in this house in days gone by. They will remember black Friday, June 1, 1956. I know that what made that day black was that as the hours went on members were denied the right to speak. What started it? What was the genesis of black Friday? It was that one decision was made on Thursday, May 31, and another decision, the reverse of it, was made on Friday, June 1. That change of decision was supported by the government which was in the majority at that time.

I recognize that this is different. In this case it is not the Speaker making his decision and reversing his decision the next day. But we had a clear cut ruling on Monday—and I did not challenge it—that this bill, since it only has the effect of reducing taxation, was not to be regarded as coming under the normal financial rules, but that it should be regarded as coming under that section of May which provides for exceptions. I hope, Mr. Chairman, that we are not to have a ruling today that puts it back into those other sections; I hope we are not going to have one ruling when the government wants to bring in this bill in a way we do not think should be followed and an opposite ruling when a member of the opposition seeks to take advantage of the section under which we are operating, and moves an amendment.

I suggest that this is a very serious matter; I knew of this when I raised the point of order I did last Friday and when I raised it again on Monday. I thought then that the government was making a very serious mistake to bring in this bill without a prior ways and means resolution. I was prepared then to give ground on the argument that we had to have an eight day debate before getting into committee of ways and means, but at least for the sake of maintaining government control over financial policy, subject to approval by parliament, the government should have insisted on a ways and means resolution before this bill was brought before the house. The government chose to do it this way. The government chose this method of procedure, and opened the door to the right of private members to move amendments. That is set out clearly in Erskine May, 11th, 13th and 15th editions if hon. members will follow through these citations which have been read by speakers from the party opposite. Having done that, having opened that door of their own choice and obtained a ruling in their favour, I hope the government is not now going to press the point of order which was suggested by the Minister of Finance.

I submit to you, sir, that the case is eminently clear. We are operating under this special section and if the government had the right to bring in under this section a bill only reducing taxation and therefore not requiring a ways and means resolution, we have the right to move the kind of amendment I have placed before the committee, and I hope consideration will be given not only to the amendment now before you, Mr. Chairman, and to the question as to whether or not it is in order, but as to the seriousness of the whole position bearing in mind the need for maintaining the rule of law, and for not changing the rule in the middle of the game but carrying through once a decision has been made to a logical and consistent conclusion.

Mr. Fulton: Mr. Chairman, the point made by the hon. member for Winnipeg North Centre would indeed be a difficult one for any one of us here to follow, and ask you to rule against, Mr. Chairman, were the position exactly as the hon. member has stated it to be. But I submit to you in all seriousness that he has not stated the position correctly. If we were asking Your Honour to do what the hon. member says we are asking you to do, then we would deserve a great deal of censure, but because he has, I submit, misunderstood the implication of what is meant by the committee of ways and means and the necessity for a committee of ways and means, and what is meant by the assertion that whether or not you have a committee of ways and means the initiative with respect to taxation rests with the government; because he has misapprehended the significance of this proposal he has been led into error and has imputed to us motives and conduct which are quite inapplicable.

As I say, the situation presents two distinct propositions. One is, that a budget requires a committee of ways and means and a ways and means resolution. It is accepted that when you have a bill based upon a ways and means resolution you cannot move amendments in the committee on the bill which go outside the terms of that resolution. Not even the government could do that. The government cannot move an amendment to a bill based on a ways and means resolution if that amendment departs from the terms of the resolution.

But there is another quite separate proposition applicable here, and that is that the initiative with respect to taxation rests with the crown and can only be set in motion by a minister of the crown, and that proposition applies whether or not you have had a ways and means resolution, in my submission.

Mr. Knowles (Winnipeg North Centre): Not according to May.

Mr. Fulton: I should like to start with the authority for the proposition that only the government can make specific proposals with regard to taxation and altering the incidence of taxation or affecting a reduction of taxation. I admit at once that any hon. member can make a general proposal or move an amendment in general terms asserting the desirability of such a proposition, although I should say that even this process has been discouraged and is open to some question. But that is quite different from moving an amendment which would specifically reduce a particular tax, and I submit that no member except a minister of the crown can move such an amendment. I see that a Canadian authority, Bourinot's fourth edition, says this at page 432:

> Though there is no rule to prevent private members moving abstract resolutions proposing changes in the scheme or distribution of taxation, or the imposition of new duties, "yet they have been uniformly resisted by the government in the English House of Commons as inexpedient and impolitic".

This is a general statement of the proposition. I think there is a more specific statement of the proposition in the next sentence which I now read:

> All proposals for the imposition of taxes belong peculiarly to the crown, and custom, as well as sound policy, has long ago devolved upon ministers the duty of submitting such questions to the consideration of parliament.

I do not want to give words an improper meaning or weight, and I admit it says "All proposals for the imposition of taxes belong peculiarly to the crown," but I would submit that the words are wide enough to include proposals regarding the reduction of taxation, and it follows from that that the succeeding words, which I quote again, "and custom as well as sound policy has long ago devolved upon ministers the duty of submitting such questions to the consideration of parliament" support the proposition that only a minister of the government can make a specific proposal for the variation of the rates of taxation.

Then, Mr. Chairman I come at once to the question raised by the hon. member who suggested that I had not done my reading. I read May at page 777 which the hon. member quoted and I was not in the least put out by what I found there because it fits in perfectly with the argument I had in mind last Monday and that I now advance. The argument I made last Monday and which was upheld by the Speaker was that this is not the type of tax measure which requires a committee of ways and means and a ways and means resolution. That was the only point I made and it is perfectly consistent with the point I am making.

The point I am making is that this being a taxation measure and the bill now involving the rate of taxation, only a minister of the crown can move a specific amendment to alter that rate of taxation. It is true that here at page 777 May says:

Hence at these stages—

Referring to the committee stage which we are now in—

—amendments are in order to reduce or omit drawbacks or other alleviations of existing taxes proposed by the bill.

But May is silent upon the point, and I submit silent because the point is self-evident, as to who may move an amendment and my point is that only a minister of the crown may move such an amendment.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman,—

Mr. Fulton: If I might just complete the point, this is again consistent with my argument that if this bill had been founded upon a ways and means resolution not even a minister of the crown could move an amendment because the bill and all parts of it and therefore all amendments must conform to the authority of the ways and means resolution. All that May is pointing out here is that where you do not have a bill based on a ways and means resolution then you can move amendments. That is all he is pointing out. He is not saying that private members can move amendments because earlier he said that the initiative with respect to taxation rests with the crown.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, would the minister permit a question at this point. Does he not agree that the point where he made the other statement earlier is in the section dealing with bills that come under normal financial procedure and will he not also agree that footnote (*t*) on page 777 refers one to the United Kingdom House of Commons *Debates* of 1917-18. If one looks up the reference to column 829 he will find that it was a private member who moved the amendment referred to in that citation just as it was a private member on July 1, 1853, and again in 1868?

It seems to me that what the minister is failing to realize is that May clearly differentiates between the two classes of bills. When it is a bill under the normal financial procedure it has to have a ways and means resolution and only a minister can move it or move amendments but when it is a bill not within the ordinary financial procedure, when it is a bill the purpose of which is to reduce taxation, May says you do not require a royal recommendation and in committee of the whole it can be amended up or down and he gives as an example private members having moved such amendments.

Mr. Fulton: Mr. Chairman, I do not fully accept the hon. member's argument because—

Mr. Knowles (Winnipeg North Centre): Will you accept the facts?

Mr. Fulton: Well, the facts are incontrovertible but the point I am making is that the initiative of the crown with respect to taxation measures is separate and distinct from the proposition that bills based on ways and means resolutions cannot be altered unless they are submitted back to the committee of ways and means for the purpose of authorizing the alteration and although it is true that May at page 682 is dealing with the question of bills which do require ways and means resolutions nevertheless I think the passage relevant there in which he traces the relationship of the crown to the initiative in taxation is a general rather than a particular proposition and that passage which was the next one to which I was going to refer you, sir, does I submit establish as a general proposition that the crown has the exclusive initiative with regard to proposals for taxation.

I think I should read the whole paragraph:

The view which made the proposal of taxes dependent upon the demand for supply prevailed

at the time when it became necessary to find a procedure which would protect the financial initiative of the Crown from being infringed by amendments.

Mr. Knowles (Winnipeg North Centre): Quite.

Mr. Fulton: It continues:

It tended to connect the royal initiative exclusively with the *amount* of revenue which it was the object of a tax to raise. Hence, in early editions of this book it was stated that "the Crown has no concern in the nature or distribution of taxes" (t). Hence, also, amendments were at first permitted which proposed the substitution of a different tax for a tax proposed by the government (provided that both were estimated to yield an equivalent amount) on the ground that the necessity of new taxation to that extent had already been declared on behalf of the Crown (see page 769). In modern practice this view is regarded as incomplete, and as requiring to be supplemented by the view that the royal initiative in taxation implies the exclusive right to define the *incidence* as well as the *amount* of burdens to be placed upon the people, and that an amendment which transfers a burden to taxpayers not previously liable is an infringement of this initiative (see page 769).

Mr. Knowles (Winnipeg North Centre): But what happens in the case of an amendment which does not transfer a burden to the taxpayers?

Mr. Fulton: I submit that what I read is a general proposition. It is a general discussion which occurs in a section of the book it is true dealing with committees of ways and means and bills based on the resolutions of such committees but it is tracing the historical development. What I say is that the historical development makes it clear that the initiative with respect to taxation belongs to the crown and that the royal initiative in taxation implies the exclusive right to define the incidence as well as the amount of burden to be placed upon the people.

When we come down to our own practice, it is true that the hon. member has referred us to a ruling by Mr. Speaker Lemieux in 1924 where an amendment with regard to taxation was held to be in order but I would point out that as appears at page 175 of the *Journals* of the House of Commons for that year this proposed amendment was in completely general terms. It was resolved:

That the best interests of Canada will be served by an immediate and substantial reduction of the tariff on the necessaries of life including foodstuffs, clothing and building materials;—

There is not a rate stated. And again:

And further that it is desirable

(a) That the income tax should be readjusted as to bear more heavily on unearned incomes;

(b) That unimproved land values including all natural resources should not be exempt from taxation; and

(c) That a graduated inheritance tax on large estates should be considered.

There is not a specific proposal in the whole of that amendment and that is why that amendment was held to be in order but when we come to a case where an amendment would have had a specific effect, namely the amendment of 1951 moved by a then colleague of my friend the hon. member for Winnipeg North Centre, we find that that specific proposal was ruled to be out of order. Let me read again the proposed amendment as found at page 335 of the *Journals* of 1951:

Mr. Shaw moved the following amendment:

"That clause 1 of the proposed amendment to the Excise Tax Act be deleted and the remaining clauses be renumbered accordingly."

That amendment would have had a specific result. It would have reduced the tax and wiped out the provision in that clause for the imposition of that tax and being a specific proposal it was ruled out of order on the grounds and in line with the principle that the crown has the exclusive right—the government has the exclusive right—to initiate with respect to specific taxation proposals.

This leads me back to the proposition I made earlier, that there are two distinct branches which are being discussed and I submit with respect that the hon. member for Winnipeg North Centre has confused them and has intermingled them in a way in which they should not be intermingled.

One is the question of ways and means resolutions on the occasions when a committee of ways and means is required and then it is clear that not even the government can bring in an amendment to a bill which goes outside the ambit of the resolution authorizing that bill. But in a case such as the present, where you have a bill which did not require a ways and means resolution, then you are left, on the basis of the other proposition, in the position that only the crown can initiate specific proposals with regard to taxation. I submit, to be consistent, that the minister could move an amendment, or have one of his colleagues move an amendment, because there was no ways and means resolution; but it is not open to a private member to assert the privilege or initiative which belongs exclusively to the crown in this field of making specific proposals with regard to taxation.

I point out to you, Mr. Chairman, that the last time when such a matter came before the house in a conclusive manner was in 1951 when a specific amendment was rejected; whereas, in 1924, when the amendment was ruled to be in order, it was an amendment in general terms. If the hon. member had framed his motion in such general terms as it would be desirable to consider, without

expressing a final opinion, I suggest that, apart from other matters of relevancy, it might be in order. Whether it would be relevant or not I express no opinion; but having made it as a specific proposal, which will have the effect of reducing the tax proposed by the government, I submit that it is out of order for a private member to do that on this or on any other taxation bill.

Mr. McIvor: Mr. Chairman, I am not a parliamentary lawyer but I do not think it is fair to ask you to rule on this question now. It has given me a great thrill to hear these two stalwarts, and I must say I have not heard anything to compare with the submission of the hon. member for Winnipeg North Centre. I think you should have time to consider this and not be asked to give a decision now.

Mr. Knowles (Winnipeg North Centre): May I say a word with respect to what the Minister of Justice has said? It seems to me that the Minister of Justice has to do more than just assert that the statements in the general rules of financial procedure in May's fifteen edition, starting at page 662, also apply when May gets to the portion of his book where he deals with matters which are not covered. All of the material the minister read from page 682 is in the chapter entitled "General Rules of Financial Procedure". Then, later on, starting at page 763, we have a chapter entitled "Matters, Akin to Charges Upon The People, Not Initiated By Ways and Means Resolutions". He says:

> The rules of financial procedure do not apply to the receipts of local authorities, when they form the subject of legislation, unless, of course, they are in the form of grants from the exchequer.

Then, he goes on to these other things, local loans, taxes payable to local funds, and finally he comes down to alleviation of taxation, the paragraph which was the whole basis of Mr. Speaker's ruling the other day. That paragraph leads to the further statement that when you are dealing with a bill which is not under the general rules of financial procedure it is open to any member in committee on the bill to move further amendments.

Mr. Fulton: He does not say that.

Mr. Knowles (Winnipeg North Centre): He says it may be amended in committee. I do not know why the Minister of Justice tries to check me on this one.

Mr. Fulton: I am not, but you should reproduce it accurately.

[Mr. Fulton.]

Mr. Knowles (Winnipeg North Centre): He says on page 777 it is open to the committee to have amendments:

> —to reduce or omit drawbacks or other alleviations of existing taxes proposed by the bill.

There is in that sentence a footnote (*t*). The "t" is in italics inside parenthesis. If you refer to the footnote at the bottom of the page you find that it refers to the House of Commons debates, 1917-18, volume 95, column 829. And, on that page of *Hansard*, you have the case of a private member moving an amendment to a bill in committee. Now, if that is not May saying that a private member can do it, I do not understand the English language. Similarly, the footnote in May's eleventh edition, where he says that an amendment may be moved in committee on the bill, takes one to 1853 and 1868, two instances where private members moved amendments to proposals that had been brought in by the government.

Mr. Chairman, the same thing applies to the repeated reference of both ministers to an amendment made by the hon. member for Red Deer when we were in committee on the resolutions of the budget of 1951. That was a budget brought in under the general rules of financial procedure. It was preceded by a ways and means resolution. Of course, it was not open to a private member to move a specific change under those circumstances, but in the case that is now before us we are asked to operate at the request of the government outside of those general rules. We are being asked to operate under the terms of an exception. That exception has been clearly stated by May to be one under the terms of which we can move an amendment to a bill in committee, either reducing a tax or raising it, provided we do not raise it higher than the point at which it stood before.

I submit, Mr. Chairman, that the line of demarcation has been drawn clearly by May and that Mr. Speaker on Monday clearly accepted the proposition that what we have before us now is not a bill imposing a tax, but a bill of tax alleviation and therefore we operate under different rules.

The Minister of Justice likes to read and re-read page 682 of May's fifteenth edition because it is there we find the suggestion that this can be done only on behalf of the crown; but, Mr. Chairman, what is it that can be done only on behalf of the crown? It is the right of dealing with the incidence and the amount of burden to be placed upon the people. I quote as witnesses the Minister of Finance, the Minister of Justice and His Honour the Speaker, all of whom on Monday said that what we have here is not a bill imposing burdens, not a bill imposing taxation, but a bill taking taxes off.

This whole measure is so completely taken out of the general rules of financial procedure that I confess one wonders why it has to be argued. I have the greatest respect for the ruling the Speaker made on Monday. I accepted it because I think one should accept the Speaker's rulings if at all possible, but apart from that, I would say that there were arguments on both sides. I am not one of those who say that there is not an argument on the other side. Let us say the argument was 50-50 or 51-49. Take your choice. At any rate, Mr. Speaker was faced with the fact that the bills were printed; they were inscribed on the order paper. There would be the implication that somewhere along the line there had been advice, perhaps from the draftsmen in the Department of Finance; somewhere along the line there had been advice to the government that these bills were in order in this way. I think the Speaker, when he was faced with a very difficult decision, might have taken that as a consideration. In any case, the Speaker having ruled that this bill does not come under the general rules of financial procedure since it is not a bill imposing a burden, since it is not a bill imposing a tax, since it is a bill of relief that does not need a committee of ways and means, I say, Mr. Chairman, that we cannot possibly get away from these citations that follow that position and make it clear that it is in order for amendments to be made in committee and that the instances noted in the British house, on which all of this is based, make it clear that such amendments reducing a tax can be made by a private member.

I may say, Mr. Chairman, that I rather agree with the suggestion made by the hon. member for Fort William, and probably you agree with it yourself, that if there are not others who wish to take part in the discussion you might like the supper hour to think about this point of order.

The Acting Chairman (Mr. Rea): I was going to make that suggestion. There are so many references here that it is difficult to read them and listen to what hon. members are saying. This is quite an important ruling, so I would like very much to go over it during the dinner hour and report back at eight o'clock.

Mr. Knowles (Winnipeg North Centre): Unless anyone else wishes to speak, may I suggest we call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Acting Chairman (Mr. Rea): When the committee rose at six o'clock there was a point of order before the Chair to the effect that the amendment proposed by the hon. member for Winnipeg North Centre was not in order since it was not open to a private member to propose a reduction in a taxation bill. Meanwhile I have had the opportunity to read the comments of the hon. members who have participated in the debate on the point of order and also to read the authorities bearing on the point raised.

It is not my intention to deal at length with all the points raised. However, the Minister of Finance referred to two rulings, one known as the one in 1936 and the other in 1951. In checking the record of the one referred to in 1936 I find that the motion attempted to initiate in general terms a tax reduction but no bill was before the house. This was a private member's motion. In 1951 the amendment was moved in committee of ways and means and not in committee of the whole on a bill, and accordingly it is my opinion that these references are not in accord with the situation now before us. I should like to refer to Campion, page 280, which says in part as follows:

> The principle that taxation requires the sanction of the Crown applies not only to the imposition but also to the increase of taxation, and to any variation in its incidence. All such proposals can only be initiated in committee of ways and means and by a minister acting on behalf of the Crown. The proposals which must be so initiated include proposals:—
>
> (1) to impose a new tax;
> (2) to continue an expiring tax;
> (3) to increase a permanent tax;
> (4) to continue a temporary (and expiring) addition to a permanent tax; and
> (5) to pay any sums into the Exchequer—

I also want to refer to May's 15th edition which was read previously but which I should like to read in part now, at page 777:

> The rule that the repeal or reduction of an existing tax, though it may be embodied in a ways and means resolution, is not subject to the rules of financial procedure, applies to the committee and also to the report stages of bills. Hence at these stages amendments are in order to reduce or omit drawbacks or other alleviations of existing taxes proposed by the bill.

I may also refer to another one in Beauchesne's third edition, citation 497:

> 497. No member other than a minister of the Crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the house enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

In my opinion the amendment before us does not initiate the imposition of any taxation and in accordance with the authorities I have just cited. I must rule that the amendment is in order.

Mr. McIvor: I congratulate you, Mr. Chairman, on your honesty. The two hon. members last year were on the same side of the house and they tried to prove that a thing that was wrong was right. It was my duty to show that they were both wrong last year.

The Acting Chairman (Mr. Rea): I must ask the hon. member to direct his remarks to the amendment. Is the house ready for the question on the amendment?

Some hon. Members: Question.

Mr. Fleming: I have a word to say on the amendment now that you have ruled it to be in order. It must be clear to all hon. members that if the government and the house are to proceed with some regard for the balance of ways and means, the government must take responsibility in reference to proposals that are made for variation in the rates of taxation. Notwithstanding what my hon. friend has said several times already in the course of this debate about needing more information, he has nevertheless chosen, with the information that he has, to move an increase in the reduction in this particular tax. The result would be to change the basis of the government's financial proposals as outlined last Friday night for the balance of this fiscal year. For that reason the government has no alternative but to oppose this amendment. If business is to be done in this way in the House of Commons, the effect could only be financial chaos.

Amendment negatived: Yeas, 30; nays, 70.

The Acting Chairman (Mr. Rea): Shall clause 1 carry?

Mr. McMillan: I might say that I am in favour of this bill but I think as members of parliament it is only fair that we should have a clear financial picture of our position before voting to increase or decrease taxes at any time. I should like to ask the minister one question. How is it that the Minister of Finance reported a deficit of $50 million under the Old Age Security Act in his statement on Friday evening in view of the fact that the former minister of finance on March 14, as reported at page 2226 of *Hansard* of that date, reported that there would be a deficit of $50 million in that account to be voted in the 1957-58 estimates and when recent increases in benefit payments under that act, it seems to me, will add a further $40 million to $50 million to the fund by the end of next March?

Mr. Fleming: If my hon. friend will look at page 2003 of *Hansard* of December 6, he will see that the item of $50 million is the increase in the old age security fund deficit. It is the increase in the deficit over and above what was previously estimated and which arises from the increase in the pension payments that have been authorized by parliament.

Mr. McMillan: Is that the total increase for the year?

Mr. Fleming: For this fiscal year.

Mr. McMillan: The $6 and then the $9?

The Acting Chairman (Mr. Rea): Shall clause 1 carry?

Mr. Fleming: I am sorry but I did not hear the hon. member's question.

Mr. McMillan: Did that include the $6 increase plus the $9 increase in November?

Mr. Fleming: It includes everything to March 31.

Mr. Denisetz: Mr. Chairman, I should like to state that I am in favour of the bill. However, I think the house should realize that the amendment which was proposed by the C.C.F. was strictly a political manoeuvre and it should be recognized as such.

The Acting Chairman (Mr. Rea): Order. I must tell the hon. member that the amendment has been disposed of and therefore his remarks must not refer to it.

Mr. Denisetz: I am sorry, Mr. Chairman. So far as the bill is concerned, I should like to point out that the reason I am in favour of it is that it is a restriction of tariffs and I believe we should always work towards the goal of free trade. It is for that reason I rise, so that my opinion on this matter will be on record.

Clause agreed to.

On clause 2.

Mr. Zaplitny: Before the clause carries there are two matters I should like to have the minister explain at this time. This reduction involves two matters to which the minister made reference this afternoon. One of them has to do with the arrangement announced last week whereby dealers in automobiles will not be penalized by the reduction in the tax. In other words, they will receive a refund of tax with respect to those automobiles they may have had on hand at the time the change went into effect. I should like the minister to explain what method and machinery are going to be used to administer any refunds that may be requested.

The second matter has to do with a statement the minister made this afternoon to the effect that the purchasers of automobiles will have the reduction in the tax passed on to

them. I listened very carefully but the minister did not indicate in what manner the government is prepared to guarantee that the consumer will get the benefit of this tax reduction. Personally I do not see at the moment how the government is going to do it. The minister made the pledge today by way of a general statement that the government will see to it. I think the words he used were, "the government will see to it that the consumer receives the benefit of this tax reduction".

It is well known that we do not have a system of price control in this country any more, which would be the only way I can see whereby the government could make good on that statement. However, if the government has any other method in mind by which they are going to see to it, as the minister said they would, that the consumer gets the benefit of the tax reduction, I should like him to tell the committee how he intends to do it through governmental action.

I should like an explanation of both these points. First, how is the dealer to be compensated for any loss he may sustain as the result of this reduction? Second, how is the tax reduction going to be passed on to the consumer?

Mr. Fleming: Mr. Chairman, the matter of making refunds to the dealers will, of course, be handled through the Department of National Revenue and a system has been worked out by the customs and excise branch of that department whereby these refunds will be made on proof. I cannot now attempt to give the hon. member the full details of the method, but proof will be required. That involves some identification of the vehicle. That, we are given to understand, can be arranged without too great difficulty with the co-operation of the manufacturer and it is hoped that these refunds can be put through without long delay. It may take time in some cases where the checking of the identity of the vehicle has to be done in very remote localities, but the system devised by the officials of the Department of National Revenue is one that they are prepared now to stand by and apply to the entire situation.

As to the second question, I draw my hon. friend's attention to what I did say on this subject on Friday evening as found at page 2006 of *Hansard*:

> The government has received assurances given on behalf of all automobile manufacturers that the benefit of this reduction will immediately appear in the manufacturers' wholesale prices and suggested retail prices. The government will expect this tax reduction to be reflected at once in the price of new cars to the public.

The assurance to which I referred here was given on behalf of the Canadian automobile chamber of commerce by the secretary-treasurer of that organization which embraces all of the Canadian automobile manufacturers. Similar undertakings were given to the government or offered to the government last summer when the manufacturers, dealers and others first began making their representations to the government.

My hon. friend asks about enforcement. The government can give no guarantee as to what will happen in every case. It must be recognized at once that the undertaking given by the manufacturers applies to the wholesale prices and to the suggested retail prices. I think we can depend upon an interested and vigilant public to make very certain that the benefits of the tax deduction are actually reflected in the price that the consumer pays when he purchases his new car.

Mr. Zaplitny: I thank the minister for the explanation as to how the refunds are going to be handled. Although it is not too clear yet, I realize that perhaps the department does not have the machinery all set up for that purpose. But I want to make reference to the second question which the minister answered and with respect to which he now tells us that the only guarantee, if you can call it that, the only prospect of the tax reduction being passed on to the consumer is the undertaking given to the government. I am pretty sure I am quoting the minister correctly when I say that this afternoon the minister used these words—

Mr. Fleming: Could the hon. member speak up a bit?

Mr. Zaplitny: In taking part in the debate this afternoon the minister used the phrase, "We will see to it that this reduction is passed on to the consumer." The minister still has not told us how the government is going to see to it. It is one thing to have an undertaking on the part of the automobile manufacturers that they will pass on the reduction to the wholesaler and eventually to the consumer. It is another thing for the minister to say in the house that he will see to it that that is done. I think we need a further statement from the minister in order to inform the committee as to what the government is prepared to do if they find that the tax reduction is not being passed on to the consumer.

Second, when the minister speaks of the undertaking given by the automobile manufacturers I should like him to tell us to what extent that undertaking is valid. For what period of time was the undertaking given? Is it an undertaking which binds the automobile manufacturers for 30 days, 60 days, six months or one year? What is there to prevent the automobile manufacturers from increasing

their prices three months from now to the extent of the tax reduction or more? I think we need a firmer statement on the part of the government as to what method they intend to use in order, to use the minister's own phrase, to see to it that the consumer gets the benefit of this tax reduction, because that is the statement which he made this afternoon.

Mr. Fleming: Mr. Chairman, in answer to the first question asked by the hon. member, the forms of application for remission of excise tax have now been prepared in the Department of National Revenue to be signed by the dealers and a memorandum has gone out already to all the manufacturers acquainting them with the procedure to be followed in that respect.

On the second question, Mr. Chairman, I did not say this afternoon that the government would undertake to see to it that in every case the retailer would pass this tax remission on to the consumer. That would be going beyond the power of the government to supervise. What I indicated in this house this afternoon, in repetition of what I said on Friday night, was that we already had this complete assurance from the manufacturers, who are the people upon whom the tax is levied, this being a tax collected at manufacturers' level, that the reduction of the tax will be reflected at once, that is to say, from midnight on Friday night, by them in the wholesale prices charged to their dealers and also in the suggested retail prices, that is, the prices they suggest that the retail dealers should charge for the cars.

With some scores of thousands of cars being sold, I do not know how the hon. member could expect the government to see to it in every case, particularly in cases involving trade-ins, that it would be possible to measure precisely the values concerned, and see to it that in every case the reduction was passed on. We have gone as far as we can to see to it that the benefit is passed on. I believe it will be. If cases are found where it is not passed on I hope such cases will be brought to our attention, because I am sure the manufacturers, in the light of the undertaking they have given to the government, are not going to tolerate failure on the part of their dealers to pass on the benefit of the reduction to the consumer.

It is to be borne in mind also that we are speaking here of authorized dealers. These are all dealers who hold appointments from the manufacturers, and it seems to me that with such a relationship it is going to be very difficult for any dealer to refuse to pass on the benefit of this reduction to the consumer.

[Mr. Zaplitny.]

Now there is one other fact which I am sure will be in the mind of the hon. member. It is very difficult, where a person is trading in a car, to balance off whatever the effect of the price reduction on his car may be against the effect of the tax reduction on the price of the new car he is purchasing.

Mr. Stuart (Charlotte): I should like to ask a question of the minister. Is it not a fact that the only person who will benefit by this reduction in excise tax is the one buying a new car for the first time? In the case of another car being traded in, the amount would be deducted from the price of the secondhand car exactly in line with the deduction from the new car. I can see no problem there at all. The only person who can benefit from this reduction in excise tax is the person who is buying a new car for the first time, because in the case of a man trading in a used car the same reduction would be taken from the price of that car as would apply to the new car.

Mr. Fleming: The man who is making a cash purchase of a new car will obviously receive the full benefit of the reduction. I do not think the hon. member is right in saying that a man trading in a car will receive no benefit from the reduction in tax. It may be that the reduction in tax will have some effect on the trade-in, but he would still derive some benefit, I think, from the reduction of the tax on the new vehicle.

Mr. Stuart (Charlotte): I will not press this point, other than to say that if the automobile industry were to let it be known tomorrow that they were reducing the price of their new cars by $100 a car, a car being traded in would automatically be reduced in value by that same amount. If a secondhand car was worth $1,500 today, then after the manufacturer had reduced the price of his car by $100 the price of my car would automatically be reduced by the same extent.

An hon. Member: No.

Mr. Stuart (Charlotte): Well, you don't have the same type of dealer in Oshawa, then, as in other parts of the country.

Mr. MacInnis: What are you worrying about, are you thinking of buying a new car yourself?

Mr. Stuart (Charlotte): I have one, but if I were to exchange it I would not feel I was getting any benefit under this reduction. I have listened to you yapping now for three or four weeks and one day someone is going to put you in your place. The first opportunity I get I will make every effort to put you in your place, because you are too noisy. Sit there and listen to someone else talk.

The Acting Chairman (Mr. Rea): The hon. member for Charlotte has the floor.

Mr. MacInnis: Better take advantage of it.

Mr. Stuart (Charlotte): I will take advantage of it. I can take care of myself. I will say this and resume my seat: I still think that the only man who will benefit from this is the person buying a new car with no trade-in, since dealers trading in secondhand cars will naturally take full advantage of this reduction.

Mr. Fleming: The hon. member will have his opinion on that point, and I will have mine. I do not think the man who trades in a car is going to receive no benefit. There may be some proportionate effect on the reduction of the value of his used car, but it is only a proportionate effect and he will undoubtedly have some benefit from the reduction when he buys a new car.

I wish to make quite clear what I said on this matter of the undertaking. I think that if the hon. member for Dauphin looks at what I said this afternoon he will find it was quite different from what he is attributing to me tonight. I said this afternoon that I wished to put on record the undertakings received that the benefit of the reduction would be passed on forthwith and that the public would receive the benefit from it, and that is precisely the undertaking which was given on behalf of the manufacturers to us, both individually, when they came to see us last summer, and jointly on their behalf by the Canadian automobile chamber of commerce.

Mr. Zaplitny: Is the Minister of Finance now denying that he said this afternoon that the government will see to it that the benefit is passed on to the consumer?

Mr. Fleming: No, I did not say that.

Mr. Zaplitny: If he says that he did not, I will have to accept it, but I believe that is exactly the phrase he used.

Mr. Fleming: I wish to make it clear at once that I did not say that. What I did say this afternoon was in repetition to what I said on Friday—that I wished to put on record the undertakings given to the government that the benefit of the reduction would be passed on forthwith to the public.

Mr. Zaplitny: Well, I am not going to argue that point with the minister. I think a reference to *Hansard* tomorrow may show that at another point in his speech he did say what I think he said. However, I accept his version of it for the moment.

I wish now to bring up another matter. The Minister of Finance made two statements in reply to my question. First, he said that if any person felt he was not obtaining the benefit of this reduction as a consumer he should notify the government. And then he said that he feels sure that the manufacturing firms will not tolerate a situation in which the dealer would not pass on this tax reduction. But with regard to that, I should like to know why he wants the consumer to notify the government, because unless the government has some authority to do what it is undertaking to do I see no value whatever in the consumer getting in touch with the government.

If he feels the government does have some authority, that is precisely what I am trying to find out. What authority does the minister think he has to make sure that the benefit of this reduction will be passed on to the consumer?

Secondly, he stated that no automobile firm would tolerate having the dealer fail to pass on this price reduction to the consumer. I am afraid that involved in that statement is an invitation to break the law because the minister knows that in 1951 or previous to that year this house passed an act which prohibited price maintenance. He is now stating that no firm would tolerate a certain action on the part of a dealer. The law itself states that the manufacturing firm or the wholesale firm concerned has no right to interfere whatsoever in the price which the retailer or dealer as the case may be sets on the sale of his product. If the minister inferred that automobile manufacturing firms could order their dealers to do something then he is inviting the automobile firms to break a law passed by this house.

If he says that these firms will not tolerate something that the dealer may do or fail to do the inference is that the automobile companies are in a position to dictate to the dealer as to what he must do and they are specifically prohibited by law from doing that by the resale price maintenance act which prohibits the supplier from interfering in any shape or form with the person at the retail level in setting the price on the product they have supplied. This is the law of the land. The minister is now inferring that the automobile manufacturing firms are interfering with what the dealer does. He cannot have it both ways; either the government has the authority to do it—and if it has I would like to know what that authority is—or on the other hand if he is going to suggest that this authority be assumed by the automobile companies then he is inviting them to break an act passed by this house.

Mr. Fleming: Mr. Chairman, if my hon. friend is going to deal with my statements I wish he would quote them accurately. In the

second place I have only this comment to make on his resale price maintenance argument. It is one thing for a manufacturer to attempt to impose the selling price at retail on his dealers but it is a very different thing for that manufacturer to indicate to his dealer that he has given an undertaking to the government so far as he is concerned to pass on the benefit of this reduction to the public and to expect the dealer to do as much. That certainly is no invitation to break the law.

Mr. Zaplitny: No, Mr. Chairman, the minister cannot get away with that. He may claim all he wants that he was misquoted but certainly he will not deny now that he did say only a few minutes ago that the automobile firms would not tolerate a situation where the retailer would not do what they have undertaken with the government to do. What is apparently meant by saying that the automobile companies would not tolerate a failure on the part of the dealers to pass on these benefits is that the companies are in a position to force their sale by the dealers at a reduced price. If it means anything else I say the minister should say so.

Mr. Regier: Mr. Chairman, I am not at all happy that the minister did not supply an answer to the question asked by the hon. member for Dauphin. The minister very clearly stated that the automobile companies would not tolerate the dealers not passing on these intended reductions to the consumers. The minister has not answered that question and the minister in the public eye now stands condemned as recognizing the fact that the wholesalers are able to dictate terms to the dealers in violation of the law passed by this house.

I agree with the hon. member for Charlotte and with the hon. member for Cariboo who said earlier that this reduction is going to mean a saving only to a man who purchases a new automobile and who presently has no automobile to trade in. All of us know the automobile market well enough to realize that when the price of a new car is reduced by $50 then the price of any older model which might be used as a trade-in is reduced by the same amount and therefore anybody who has a car to offer as a trade-in receives no benefit whatever. Nothing the minister might say is going to convince the general car-owning public that they will receive any benefit unless they are in the position of buying a new car with no old car to offer as a trade-in.

I wish to refer in particular to clause 1 which embodies the 7½ per cent reduction. I have not yet heard a logical explanation as to why it should not be 5 per cent or 2½ per cent.

Mr. Fleming: Order.

Mr. Regier: The minister did not see fit to offer an explanation to this house—

Some hon. Members: Order.

The Acting Chairman (Mr. Rea): Order. We are still discussing the bill to amend the Excise Tax Act and I must ask the hon. member to bring his remarks into line.

Mr. Regier: Mr. Chairman, I was directing my remarks to clause 1. I take it that we are still on clause 1.

The Acting Chairman (Mr. Rea): Clause 1 has been carried. We are now on clause 2.

Mr. Regier: No, Mr. Chairman, I humbly submit that the discussion that has occurred for some considerable time has all been directed to clause 1.

The Acting Chairman (Mr. Rea): Clause 1 is carried.

Mr. Johnston (Bow River): Mr. Chairman, I would like to ask the minister a question on this clause. Does he know what percentage of new cars purchased involve trade-ins and what percentage are new cars paid for by cash with no trade-in involved?

Mr. Fleming: I have no figures on that point, Mr. Chairman.

Mr. Johnston (Bow River): Then I take it, Mr. Chairman, that the minister would have no idea as to what proportion of the consuming public is going to benefit as the result of the reductions in the excise tax. I would venture to say that on an average there would not be one car in a thousand sold with no trade-in attached to the purchase. Even supposing that the ratio were one in 100—I am very conservative with a small "c"—that tax is not going to be as beneficial for the general consuming public as the minister would like us to believe. I am not saying that with a view to casting any reflection on the minister at all but it is a statement of fact that very few cars are bought today with no trade-in involved.

I can see that the minister's desire is to have this reduction passed on to the consumer but what assurance does he have from the automobile companies or the dealers, particularly where a trade-in is involved, that the benefit of this reduction will be passed on? If he has such an assurance, what proportion of the reduction does he estimate will be passed on? That is something I feel we should be concerned about. If we are going to attempt to lower the tax with a view to benefiting the consumer then certainly

we should have some concrete idea as to what proportion of the consuming public will benefit as the result of the tax reduction. Otherwise it might be a greater service to the general public if he were to bring in a reduction in the sales tax in which case the consumer would receive a direct benefit. That is something for the minister to consider and I hope he will make some reply to my questions.

Mr. Fleming: Mr. Chairman, by having given this bill second reading the house has expressed itself finally on the subject of whether there should or should not be this reduction in taxation, so the point raised by my hon. friend is, I am afraid, quite out of order now.

I do not know where the hon. member gets these estimates of his, one in 1,000 or one in 100 being a straight purchase of a new car without a trade-in. I do not suppose any member of this committee has figures on this but I would be very much surprised if that is not a very wild guess.

Mr. Johnston (Bow River): What would be your guess?

Mr. Fleming: My guess? I do not care to guess.

Some hon. Members: Oh, oh!

Mr. Fleming: It would be only a small fraction of the figure my friend is using. I think, if I may say so, in his approach to the question my hon. friend is making the same mistake that I undertook to say I found in the remarks of the hon. member for Charlotte. It should not be assumed that it is only in the case of the purchase of a new car without any trade-in that any benefit flows from the reduction in tax to the consuming public. I believe that in all of these cases where there is a trade-in there will be benefit to the public.

Mr. Johnston (Bow River): Is there any method or any way by which the minister can find out whether there is a share of this being passed on to the consuming public where there are trade-ins involved? I do not know whether he has at his disposal any way of checking that up for us or not.

Mr. Pickersgill: A Gallup poll.

Mr. Fleming: The newspapers these days are filled with advertisements of dealers indicating the reductions that they are making in their prices to the consuming public. I would think the public would very soon find out where any dealer is not passing on the benefit of the reduction. They are going to go to the dealer who is passing on the reduction.

Mr. Stefura: Is the minister aware of any increase in the 1958 models which came out this year just before this bill was introduced in the house? I refer to the increase over the 1957 model prices. In whatever increase has been put on these new models the companies have already taken advantage of any reduction that this tax will bring about. Is there any way the minister can furnish us with information on this?

Mr. Fleming: Mr. Chairman, whatever were the prices in effect last Friday night are the prices upon which the manufacturers have agreed to reduce their prices to the extent of the reduction in tax.

Mr. Regier: Mr. Chairman, what I have to say now applies to clause 2 as well as to clause 1. The minister told us some hours ago that there could not possibly have been any leak and the reason he gave that there could not be either a leak or a drip was that only two men, the Prime Minister and himself, were aware of these changes.

Mr. Fleming: I did not say that.

Mr. Regier: That rang an alarm bell in my mind. I wondered what kind of a government we have today. Does the minister mean to say that he—

Mr. Bell (Carleton): Good government.

Mr. Regier: I hope the minister will teach some of his backbenchers a few of the things he had to say about trained seals about a year ago. Does the minister mean to say that only he and the Prime Minister made this decision, or is he willing to admit that this is the decision of the government? I should like to know exactly how it is the decision of the government if only he and the Prime Minister knew. And when I am saying this, Mr. Chairman, I am saying it in all honesty and in all sincerity because I do not lightly forget the reference the other day of the Prime Minister to his government. I always thought that this was Her Majesty's government and yet this very afternoon the Minister of Finance said there could not possibly have been a leak because other members of the government knew nothing about it. I would like him to explain that situation.

Mr. Fleming: Mr. Chairman, I wish my hon. friend would get his facts straight and follow accurately what is said in the house by hon. members before he undertakes to rise in his place and introduce a new version of what has been said. What I said this afternoon is a matter of record. It was that up to the time this matter became the subject of newspaper speculation it had not been discussed with officials; it had not been a matter of discussion within the government. There

was no decision and no possibility of a decision on any rate of reduction. The decision of the government was taken subsequently.

Mr. Regier: Mr. Chairman, in that case would the minister care to comment on the report that this action, both with relation to clause 1 and clause 2, was forced upon the government by the automobile manufacturers in their dismissal of some 16,000 men immediately preceding his announcement and the vast newspaper publicity that somebody or other, heaven only seems to know who, was responsible for, and that these two factors combined were weighty enough to force the hand of the government and that, regardless of the economic soundness of it, they decided that they had to do it.

Mr. Fleming: Mr. Chairman, the hand of the government was not forced by the manufacturers. The government took this decision in the light of all the circumstances and nobody forced the hand of the government.

My hon. friend, continuing the inaccuracies that he has been uttering, says that 16,000 employees of the automobile industry were dismissed. They were not dismissed. In the face of the results of the speculation that appeared a week ago Thursday in the newspapers there were some layoffs. Fortunately, those layoffs were very temporary, in most cases two days or, I think, at the very most, three days.

Mr. Regier: They were effective, though.

Mr. McCullough: Just one question; can the minister say whether or not 1957 model cars will be included in clause 2 of this bill?

Mr. Fleming: Any car that comes within the scope of the act will be subject to it. It is not a question of the model of the car; it is a question of the sale by the manufacturer, whether it is a 1957 or a 1958 model. In the case of the dealer who has on his lot or in his dealer's rooms cars on which he has paid the tax and which have not been sold, then if they are new cars he will be eligible to apply for the remission of the tax.

Mr. Aiken: I do not like to hold this up for long but I am one of those backbenchers who have just been referred to as trained seals.

Mr. Lesage: You will get used to it.

Mr. Aiken: I have sat here for a few minutes listening and I have never heard such a lot of nonsense as has come from the corner over there.

The Acting Chairman (Mr. Rea): Is the hon. member going to talk about Bill No. 231?

[Mr. Fleming.]

Mr. Aiken: Yes, Mr. Chairman. The point on which I wish to make a comment is this. There has been a suggestion that because the government has reduced the tax the people of Canada are too stupid to take advantage of it. The arguments that have been put forward are that the people will be taken in by the dealers. I think everyone knows there has been a reduction in the tax and if they are prepared to pay the same old price they paid before, then they are not being very bright. If the hon. members who spoke on that point talked to the dealers as much as they talk in the house they should not be taken in.

Mr. McCullough: I have one short statement. I wish to say to the hon. member who has just taken his seat that he certainly has shown quite a considerable amount of ignorance in respect of the retail sale of cars in this country.

Mr. Montgomery: Shame on you.

Mr. McCullough: In the first place he should know, as the Minister of Finance well knows, that there is a suggested price at which the dealer offers cars to the public. I want to say that there probably is no consumer in Canada who goes to buy a new car knowing the wholesale cost of that car. He knows the suggested price, but the relationship between that price and what the prospective customer pays for a new car is between him and the dealer. If there is a trade-in there is negotiation on the price of the trade-in and the price of the new car, and a deal is made between the prospective customer and the dealer. I want to say that we on this side of the house have been trying to find out by what mechanism the Minister of Finance is going to carry out the assurance he gave the public this afternoon, to which the hon. member for Dauphin and myself listened carefully, namely that the government would see that the consumer would benefit from this tax reduction.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. Knowles (Winnipeg North Centre): Next sitting.

Some hon. Members: Now.

Mr. Knowles (Winnipeg North Centre): Nobody suffers as a result of laying it over for another day, Mr. Speaker.

Mr. Speaker: Next sitting.

INCOME TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. 232, to amend the Income Tax Act.

Mr. Lesage: Is the minister going to make a statement?

Mr. Fleming: I do not think any is required.

Hon. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, I am really sorry that the financial critic of the official opposition, the hon. member for Coast-Capilano (Mr. Sinclair) is prevented from participating in this debate because of acute laryngitis.

Some hon. Members: Hurrah.

Mr. Lesage: I am sure that the only people who are happy about this are the Tories, and especially the Minister of Finance (Mr. Fleming). We are all disappointed, and everybody in this house should be disappointed. Certainly, sir, the hon. member for Coast-Capilano is disappointed. I shall try not to add too much to his disappointment because of my performance. The hon. member has been sitting in this house since eleven o'clock this morning,—I know he must have been suffering the tortures of death because he could not even make an interjection.

I was surprised that the minister did not make a statement on second reading. I was sure, knowing him pretty well, that he would take advantage of the occasion to boast about the great reductions in taxes he is offering the people of Canada through this bill. I was sure he would like to compare the promises that he and his colleagues of the Conservative party, especially his leader, had made during the last campaign about the famous reductions they were going to make in income taxes with the little things that he is offering the people of Canada at this time. Of course, I can understand why he would rather remain seated. He must feel like the elephant who has just given birth to a mouse. In his place I would remain seated.

An hon. Member: Is that the best you can do?

Mr. MacDonald (Antigonish-Guysborough): That is second hand.

Mr. Lesage: I never heard the hon. member, who is a parliamentary assistant, say anything that was not third hand. I shall use another phrase that is second hand. It was used by the hon. member for Rosetown-Biggar (Mr. Coldwell) when he said that this government and the Minister of Finance have a queer way of doing business. We did see some of the consequences of this queer way of doing business this afternoon and tonight on the other bill which has just been reported by the committee of the whole.

When we have a normal budget presentation we have a general debate in which it is possible to have a view of the over-all economic and financial situation in Canada. Hon. members from all parts of the country take part in the debate and we can ascertain the reactions of the country as a whole to the budgetary situation. It has happened often in the past that a Minister of Finance, with the consent of his government, has amended the resolutions he was proposing for tax changes after that general debate. Then in the normal course after the general debate we have a discussion of the resolutions in committee of ways and means. Again, this is very useful. This procedure offers an opportunity for more technical discussion, and it has happened that the bills that have been prepared have been changed by the Minister of Finance and his colleagues following the discussion that has taken place in the committee of ways and means.

There are very good reasons for following that procedure which has been followed every time in this house according to our practice. It is a useful procedure, not only for the various reasons I have just given, but for other reasons. We have these income tax proposals before us, and yet only four members of the house have participated in any kind of budget debate which occurred on the first item of the estimates of the Department of Finance. This debate will continue later, but what purpose will be served by that? These bills will have been passed. Only four members have participated in the general debate, so it will not be possible to secure from every corner of the house the reactions to the proposals of the minister. Again, I say this is a queer way of doing business, and it has led to some misunderstanding of the proposals the minister has made for tax cuts.

Previous ministers of finance made arrangements for the press to know in advance, but in secret, what the provisions of the budget were before they were announced in the house. This time the minister did not choose to make any arrangement of that kind. In the past ministers of finance had the courtesy to send copies of their speeches, when the speech was being delivered, to the leader of the official opposition and the leaders of the other parties. This time the minister did not extend such courtesy to the leaders of the various parties in the house, not even the Leader of the Opposition (Mr. St. Laurent). This new way of doing business,

this new method, has caused some misunderstanding. Even a good Tory paper like the Ottawa *Journal* could not understand the proposals made by the minister on Friday of last week. I quote from the Ottawa *Journal* of December 7:

> All businesses showing more than $25,000 profit will have their taxes reduced by $1,350. All under $25,000 will be exempt.

Note that "will be exempt".

> The previous minimum was $20,000.

This goes to show how wrong the approach of the Minister of Finance has been to the whole process, and how queer his way of dealing with budgetary matters is.

I believe that it is only fair now to study the amendments that are proposed in this bill in the light of the promises that were made by the Minister of Finance and by the Prime Minister during the last election campaign and even prior to that time. During the last election campaign and prior to that time the Minister of Finance and the Prime Minister were all the time making the declaration that the previous government was overtaxing the people of Canada at the rate of half a billion dollars or $500 million. If there was overtaxation of $500 million, how is it that the tax reductions proposed for this year amount to the sum of $26 million only, 1/20 of the supposed overtaxation of the previous government?

Mr. Fleming: Would it not be fair to state the annual rate?

Mr. Lesage: Here is what the Halifax *Chronicle Herald* had to say about the matter, always comparing the action with the promises that were made. I quote from the editorial in the Halifax *Chronicle Herald* of December 9:

> The tax reductions which Canadians had been led to expect from the new federal administration have turned out to be little more than a nibble.

Mr. Pickersgill: Not even a mouse.

Mr. Lesage: No; not even a mouse. I mentioned a mouse a moment ago. This editorial is entitled, "Mr. Fleming's Nibble". The reduction can be expressed in terms of money—

Mr. Thrasher: Tell us what you did in 1956.

Mr. Lesage: I am not talking about what we did. What the previous government did—

An hon. Member: Was nothing.

Mr. Lesage: —was not as a result of any promise it had made; it was as a result of sound administration of the country.

Some hon. Members: Oh, oh.

[Mr. Lesage.]

Mr. Lesage: What we did, we did because in our conscience, as administrators of the country responsible to the people of Canada, we believed that we were obliged to present the budget that we did present last spring. This administration said over and over again during the budget debate last year, in previous budget debates and during the election campaign that we were overtaxing the people. We have not said that; they have said that. Those who are now hollering must be the first ones who said in their own constituencies we were overtaxing by half a billion dollars a year.

An hon. Member: Weren't you?

Mr. Lesage: You made that promise and how far do you go to make it good? You go to the extent of 1/20 or $26 million reduction in taxes. To give an example of the importance of this $26 million reduction in taxation, I will use a device that was used by the hon. member for York West (Mr. Hamilton) last spring when the old age security payments were increased by $6 a month. He never mentioned that this increase would cost the treasury $60 million a year; he just said that it meant two cups of coffee a day.

Mr. Hodgson: Sure.

Mr. Lesage: Sure; it meant only two cups of coffee a day. Tax cuts of $26 million to 16 million Canadians for the period from June 21, 1957 to March 31, 1958 work out to $1.60 per capita or a cup of coffee every 18 days. A cup of coffee every 18 days is a long way from $500 million reductions that were supposed to be made by the present administration. The Prime Minister during the election campaign repeatedly asserted that every Canadian family was overtaxed by a sum of $120 a year.

An hon. Member: By a Liberal government.

Mr. Lesage: Here is the gospel, and believe me, Mr. Speaker, it is a Conservative gospel.

An hon. Member: Liberal propaganda.

Mr. Lesage: It has turned a nice red colour, to the Liberals use and advantage and I am afraid that my friends will take note of that in the near future. As reported in the Vancouver *Sun*—

An hon. Member: You never read a better book.

Mr. Lesage: We all have one.

Mr. Bell (Carleton): Is the hon. gentleman predicting an election now?

Mr. Lesage: No. I have been listening to your predictions. As reported in the Vancouver *Sun* of May 23, 1957, the Prime Minister at Courtenay, British Columbia, on May 22, said this:

Every Canadian man, woman and child had their pockets picked by $30.

An hon. Member: A month?

Mr. Lesage: By $30 a year. Not only does the present Prime Minister's government continue picking the pockets of the 16 million people of Canada of $30 a year, according to his own words, but of course he consoles them by giving them a cup of coffee every 18 days.

Mr. Small: A wonderful analysis.

Mr. Lesage: It is an analysis that I have taken from the hon. member for York West of whom I am sure my hon. friend is extremely proud and I am sure he could not find words of praise high enough for him. I am just following his trend of thought.

An hon. Member: You will learn.

Mr. Lesage: I have learned. You will learn too.

May I deal more especially for a few moments with the personal income tax and remind my Tory friends opposite of a few promises.

Mr. Marler: Not all of them.

Mr. Lesage: No; only a few. It would take days to recall all of them. In 1949 the Tory platform was to raise the basic exemption from $1,000 to $1,250 and from $1,500 to $2,500. In 1953 they raised the ante—I believe that is the word you use—and then the proposition was to raise the basic exemptions from $1,000 to $1,500 and from $1,500 to $3,000.

An hon. Member: What year was that?

Mr. Lesage: Or from $2,000 to $3,000. It is all right.

Mr. Marler: It was not carried out in one case any more than in the other.

Mr. Lesage: There is no proposal for a change in basic exemptions this time. After the ruling that we had this afternoon, I do not know how many private members will move amendments to this bill and of what nature they will be. But again the Minister of Finance—

Mr. Fleming: You will not support them, whatever they are.

Mr. Lesage: The minister can see what kind of bed he has prepared for himself. He will not be able to sleep because he will be kept awake by the difficulties.

An hon. Member: He works so hard he has no time to sleep.

Mr. Fleming: As long as I have my hon. friend's support in the votes I am not going to lose any sleep.

Mr. Lesage: There is nothing in the bill to raise the basic exemptions.

An hon. Member: Move an amendment.

Mr. Lesage: Well, sir, there is one thing I want to say—

Mr. Hamilton (Notre Dame de Grace): You are going to say something now.

Mr. Lesage: I am not like the Postmaster General (Mr. Hamilton) who usually aligns his words to say nothing. There is one thing I want to say and I am sure I am going to get applause from the other side. I am sure the $100 increase in the exemption for children is most welcome. But, sir, may I say again that that is not where help is most needed so far as children are concerned.

Some hon. Members: Where?

Mr. Lesage: What is most needed for children is an increase in the family allowance because families who are too poor, who do not earn enough to pay income tax, would benefit also.

Mr. Brooks: Did they need it last spring?

Mr. Lesage: I can still hear the present Minister of Finance on February 18 of this year, with his great voice of the grand days, asking for the removal of the 3 per cent floor on medical expenses. Where is it in the bill? There is nothing about that. I read it again this afternoon and I can still hear him speaking with all his convictions and asking that in the list of exempt medical expenses there should be included spectacles, premiums for medical and hospital insurance and even provincial taxes paid for hospital insurance plans. But nothing is done in the bill either to remove the 3 per cent floor, according to the promise made, or to add to the list of things which should be included as deductible. The Minister of Finance complained in 1955—

Mr. Cardiff: Wind him up again, boys.

Mr. Lesage: Wind up the Minister of Finance? It does not take much. In 1955 the Minister of Finance said that the government of the day was abstracting—I like the word —almost half the profits of the corporations. Nothing is done in the bill to reduce the rate of income tax on corporations. There is only the increase from $20,000 to $25,000 with respect to the application of the lower rate but there is no reduction in the full rate

about which the present Minister of Finance complained so bitterly. Nothing is done.

Now, let us go to the Prime Minister's promises.

An hon. Member: Get back to your gospel.

An hon. Member: Why don't you stay around and vote when there is an amendment?

An hon. Member: Why don't you shut up?

Mr. Hodgson: He stayed around; he was outside the curtains.

Mr. Lesage: Mr. Speaker, I cannot distinguish what member it is who is shouting all the time. I would certainly be glad if Your Honour would help me to identify him.

Mr. Speaker: Order. I am on my feet at the moment, and if the hon. member who is speaking will permit, may I say that I find it difficult to hear what is being shouted and I doubt whether hon. members can hear. There are so many engaged in this bypassing of the Chair that I feel rather isolated up here.

Mr. Fraser: It is very much like a television program. We cannot help but laugh.

Mr. Lesage: Well, sir, in Montreal on February 19, 1957, when speaking to the Montreal chamber of commerce, the Prime Minister (Mr. Diefenbaker) had this to say about the alleged discrimination against Canadian companies under the Income Tax Act.

> Canadian companies are not asking for special advantages for foreign investment but have the right not to be discriminated against under Canadian taxation laws, which in several ways deny Canadian companies competition on equal terms with foreign corporations or their subsidiaries operating in Canada.
>
> The present tax laws in this country, which are restrictive when compared with the United States, the United Kingdom, France and other countries with which we must compete in world markets, prevent secondary industry in this country developing to the extent that our resources and ingenuity of the Canadian people warrant.

Where in this bill is there anything to take care of this alleged defect in our Income Tax Act? Nothing is done again. What about the other promise which was made with respect to oil taxation? On April 25, 1957, when speaking in Toronto the Prime Minister said:

> We believe that the discriminatory method of taxing Canadian oil companies should be changed so that Canadians are not at a disadvantage in competition with foreign investors.

There is nothing done in the bill to implement this promise of the Prime Minister. During his opening campaign speech at Massey Hall in Toronto he promised an incentive to Canadian investors. This was on April 25, 1957 and he said:

> We believe that there should be some incentive in the Income Tax Act for Canadians to invest in Canadian equity stocks.

This was promised so often by the Conservatives during the campaign. What is being done? Again nothing. On the same occasion, when opening his campaign at Massey Hall on April 25, the Prime Minister also promised tax deductions for research purposes. Here is what he said:

> We believe that tax deductions should be permitted in research in order to encourage Canadian research in every field.

But there is nothing in the bill. The Prime Minister also promised special tax inducements to firms to process raw materials in Canada. Here is what he said at Campbellton, New Brunswick, on May 4, 1957:

> And in order to persuade business firms that it is to their advantage to process our raw materials here in Canada, we must show them by tax and other inducements that they will save money by processing these materials here in Canada. And I say this to you that, if we form a government, we will introduce legislation which will provide such inducements for we intend to see that Canada shall become the great industrial nation which her raw materials make possible.

What do we have under this bill? Nothing. Nothing in the bill to meet these promises of the Prime Minister. Again, empty promises, unfulfilled promises; a government of words, of promises, of postponement.

Now, sir, we had a lot of promises. We had a promise that there would be an immedate session of parliament to reduce taxation. We had the promise of the Minister of Finance that there would be a budget.

Mr. Fleming: No such promise at all.

Mr. Lesage: We had that grave declaration by the Minister of Finance last June, and all that emerges in performance are the small changes in this bill regarding living costs to construction workers. By the way, if there is to be this change allowing a deduction with regard to construction workers' living expenses, why not do the same thing for our loggers, our wood cutters and our bush workers? Surely this would be only right if the government thinks it fair in the case of construction workers.

Mr. Knowles (Winnipeg North Centre): Will the hon. member permit a question?

Mr. Lesage: Yes sir.

Mr. Knowles (Winnipeg North Centre): Will he vote for an amendment to this effect if one is brought in.

Mr. Lesage: If the amendment is in order, and if it covers the bush workers and loggers to the same extent as it covers construction workers.

Mr. MacInnis: Would the hon. member permit a question? Would he take a few

minutes out to explain why he and his colleagues are so sincere in voting for empty promises and empty legislation?

Mr. Lesage: When have we voted for empty promises? We voted for the very few things which have been done by this government which are of value; things which are only extensions of the measures which were brought forward under a Liberal government. There is nothing new in all that this government has done since it assumed office. It has only been carrying on an extension of the policies which have been put forward and initiated by the previous Liberal governments. Whenever they have a grave problem, whenever they have something important to cope with—such as unemployment or the rising prices—they have just sat there and done nothing. Whenever they have had to deal with other important problems they refer them to a royal commission. They do not take action themselves. As I said on the debate on the speech from the throne, they call conferences to prepare other conferences.

Mr. Hees: I can see Mike is going to have some competition.

Mr. Lesage: Mr. Speaker, the Minister of Transport (Mr. Hees) has always been one of my very good friends, and I thank him for that very high compliment he has just paid me, but I am too humble to accept it. I know too much my own value to accept it. But it is the compliment of a friend, and I appreciate it.

Mr. Stefura: Will the hon. member allow a question? He said that all the Conservative party is doing is carrying on the policies of the Liberals. But can he tell us what difference there is between Liberals and the Conservatives?

Mr. Lesage: Oh yes. Conservatism has always been based on the philosophy of privilege, while Liberalism has always been based on the philosophy of freedom, equality and unity.

Mr. Speaker: I recognize that the hon. member was speaking under the provocation of the question but he is wandering from the subject matter of this bill.

Mr. Lesage: Sir, I have to follow the wanderers over there, but unlike them I do not get lost.

The Canadian people have had their appetites whetted by so many election promises. They expected an immediate session of parliament to cut taxes by $30 per capita because the Prime Minister had said that the pockets of every citizen of Canada had been picked to the amount of $30 a year. What do we have? A figure of $26 million—$1.60 per year between June and March. This appetite which has been whetted by the Conservatives will not be satisfied with the present crumbs or the present nibble. Perhaps instead of saying crumbs and nibbles I should use the elegant statistical style employed by the hon. member for York West and say that the appetite of the Canadian voter will not be satisfied after he has been promised a cut of $500 million, with a cup of coffee every 18 days.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I think at this moment it is only right to turn to the memory of one of the patron saints of this house, Sir John A. Macdonald, to whom it always seems acceptable to refer, and to say that 103 years ago he began to forge the alliance of two parties known as the Liberal-Conservative party. And it seems to me that the speaker who has just sat down has fairly laid the background for a new alliance by proving there is little difference between the two. I wish to turn now to a point I first raised the other day, and one which has a specific connection with the bill now under discussion. I wish again to urge upon the government the desirability of extending these allowances beyond the construction workers to workers in the forestry industry.

The reasons why an extension has not been given to the forestry workers are not clear at the present time. It seems to me, looking at the matter from the outside, and not being able to understand the reasoning of the Minister of Finance (Mr. Fleming), that either there is too much revenue involved to enable this privilege to be extended to forestry workers; or that it would be too intricate and costly to check and document such an extension; or perhaps, and this is a more practical view, that there has not been strong enough pressure put forward by groups supporting the loggers and bush workers to make this matter become regarded as urgent.

Whatever may be the reason, the bush worker today is in an inferior position in relation to the railroad workers or, when this legislation comes into effect, the construction workers. The bush worker today must invariably provide himself wth a car and a power saw, the total cost of which is quite high. Moreover, today he operates within a framework which is strictly regulated by a union. The places where he can work are to a great extent fixed. There is no longer the situation in the logging industry, connected with the great and growing pulp and paper industry, which prevailed in the past; the bush worker is confined a great deal more to one area, and he no longer goes foot-loose from job to job.

The companies are not in a position—and this is understandable—to provide municipal facilities except in rare places where there might be an improvement district, though they locate their camps in places from which they plan to operate for many years.

The present state of the roads does not allow commuting between the communities and the actual bush operations except in extremely rare cases and so you have a situation where the very best of men in bush work, those who stay in the bush for a number of years, are penalized when it comes to having any family life. In addition to being penalized by having to have their families in town and having to educate their children away from where the parents are working they have no opportunity of taking advantage of the expense allowances that are extended to railway workers and now to construction workers.

It seems to me to be just a matter of fairness rather than a partisan attitude that the same privilege should be extended to bush workers. The hon. member for Comox-Alberni (Mr. Barnett) is going to refer to the situation as far as bush workers in the west are concerned but looking at the situation that prevails in Ontario and Quebec we can be sure that in the foreseeable future the bush workers will be in the invidious position of being unable to have their families with them where they work and having to keep their families in town. It is difficult to understand from the point of simple justice why they should not be granted the exemption that is now being extended to construction workers.

At the same time the point could be made that they should be allowed deductions for their expenses in connection with their power tools. A power saw does not represent a small expenditure and a conscientious bush worker spends a fair amount of money on the maintenance of his equipment during the year. Because of the services that have been extended in the bush camps in recent years it is quite easy to keep a record of the expenses in connection with the maintenance of power tools. In other words a bush worker could prove what he pays for a power saw and what he expends on repairs and new parts. There seems to be no valid reason why he should not be included in this exemption if it is being extended to other classes of workers. I am prepared to grant that the transportation costs of the bush worker in terms of travelling to visit his family would be practically impossible to keep track of fairly under the present circumstances because most of them have their own cars but the fact remains that the woods worker is in an inferior position in relation to the general railway and construction worker.

One other point in connection with income tax changes which I have always considered unjust relates to the fact that if I have a son going to university and I am paying part of his fees I can receive a deduction for those expenses—

Mr. Hansell: No you cannot.

Mr. Fisher: Yes, to a certain extent.

Mr. Hansell: No. I tried it.

Mr. Fisher: The point I wish to make is that if I decide to take a graduate course myself I am required to pay income tax on the money I spend in taking those courses because according to the theory of the department I am improving my ability to increase my income. That may be fine as a stand to be taken by the Department of National Revenue in approaching the problem but in so many cases you take courses that have no possible chance of improving your ability or opportunity to increase your income. It occurs to me that this is one section of the Income Tax Act in respect to which we could have looked forward to seeing some amendments made as well as an increase in the amount of money that may be earned by a dependant who attends university.

I wish now to deal with one other point touched upon by the previous speaker. Naturally I have looked at the speeches made by the present Minister of Finance in the past in relation to income tax matters. I am too frightened to quote them here for fear of being labeled absolutely or utterly incorrect and I do not wish to place myself in the position of having an accusation of that kind thrown at me. However, from my examination of his previous speeches on the subject it appears to me that the gist of several of his remarks in the past have been to the effect that deductions for medical expenses should be extended and that it is a pity that at the present time the allowance for drugs is extended only to five or six categories instead of to the whole field. Since these two points are known to have been close to the minister's heart, judging from his past comments, it occurred to me that he might have considered bringing in enabling legislation at this time but perhaps he is considering it for the future. We would certainly like to hear whether it is his plan to do this in the future.

With reference to the stand of organized labour in relation to the Income Tax Act I think it is worth while pointing out that while they looked forward to alleviations in terms of personal income tax exemptions the

In income taxation, 70 per cent of all income taxpayers will find their tax cuts quite considerable. Those in the first $1,000 bracket will have a tax cut of 15 per cent and those in the second $1,000 bracket will have a cut of 11 per cent.

brief presented by the Canadian Labour Congress stated that organized labour would like to have an increase in the basic taxation exemptions to $1,500 for single persons and $3,000 for married persons. They would also like to see the exemptions for dependent children raised to $500 regardless of the family allowance. We readily concede that the minister has made a slight move in this direction but I thought it important to note that these are the requests of organized labour as contained in the brief of the Canadian Labour Congress.

In concluding my remarks I wish to return to the bush worker and to ask the minister and his assistants to give serious consideration to the question of extending the exemption to them or, failing that, to present a clear explanation as to why it is impossible to do so at the present time. I am not attempting to gain any advantage in asking this question and I would genuinely appreciate receiving some information which I could take back to these people who at the present time, especially in communities where railroad workers live adjacent to bush workers, the bush workers feel they are in an inferior position in relation to the other group in terms of this act.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, this so-called budget has frequently been referred to as a small budget, a small mouse budget and a baby budget but after listening to the flaming fury and the pyrotechnics that occurred today I confess I am rather inclined to call it a flaming budget.

Mr. Hodgson: Did you see the red book?

Mr. Hahn: No, I did not see the red book but I was thinking of the hon. gentleman who introduced this bill. There are some significant features in the bill and I view each of them with considerable favour, I must admit. However, there are certain things the minister could very well have taken note of before he introduced this legislation in order to bring in some desirable changes.

The reduction of $100 for each dependant is very worth while indeed as is the reduction of the rate of taxation from 13 per cent to 11 per cent on the first $1,000 and from 15 per cent to 14 per cent on the next $1,000. However, I did note that in introducing the measure the minister said he recognized that every individual in Canada would not be affected by the changes in the act. It has been estimated that approximately 70 per cent of the population will be able to take advantage of the proposed changes. The Montreal *Gazette* of December 9 carried an editorial on the subject of tax changes which said in part:

I agree that this is a wonderful thing and highly desirable but I am interested in that 30 per cent of the population who pay no income tax and I would like to know exactly what benefit they will derive from this legislation. It is of no value whatsoever to the old age pensioner. It is of no value to the war veteran who is on an income of a fixed nature. It is of no particular value to the blind pensioner or the disability pensioner. It is also of no value in respect of anyone who is on a fixed income and has no means of getting any additional income, namely a person who receives an annuity or any other form of income of a like nature. I would say, sir, that these 30 per cent are possibly in the greatest need.

An hon. member just mentioned that we have increased the old age pension. That is quite true, but I do know the minister told us he was going to have a surplus of some $80 million. What is he going to do with the $80 million? He might as well pass that on and become a proper Santa Claus. This is Christmas time and it is the season when I am sure everyone would appreciate it.

The group in this country who require the greatest help and whose need is greatest are those who are not paying income tax. They are the ones who actually are in need of some assistance. There is absolutely nothing in this legislation which is of any particular value to them. I would say that the minister would have done the country a great deal more service if he had reduced the sales tax from 10 per cent to 7½ per cent. That reduction of 2½ per cent would mean a great deal more to the ordinary citizen of this country in this way. When I look at the budget, and I refer to the same one the minister is using in this instance, I find that on page 88 the sales tax collected in the country amounted to $725 million. That is the estimated tax for this year. Here again I am not too sure that that figure is the one that is to be used, because we have no budget to determine whether the minister has worked with a statement in respect of those figures, but I suppose we shall have to accept them.

Let us take this figure of $725 million. A reduction of 2½ per cent in the sales tax is a 25 per cent reduction. A 25 per cent reduction of $725 million is approximately $180 million. The minister announced that the total tax alleviation is $178 million. Give or take a couple of million and you have $180 million. Now, that $180 million, with the mark-up that the manufacturer gets on his

commodity, plus what the distributor gets, plus what the wholesaler gets, plus what the retailer gets, will spiral the figure of $178 million to a total of $400 million or $420 million, as the case may be. That would be of a great deal more benefit to everybody in the country. Every man, woman or child would benefit from that particular change and it is the type of tax alleviation that the country requires, more so than this. I suppose if I had the gift of language that the Minister of Finance has I could find some adjective that would describe it better than a puny amount. But I am not as familiar with the language as is the minister. However, I would say, that this is the type of reduction the people of this country expect.

However, I recognize, as does every hon. member, that it is only by a direct change in taxation that the people become aware of the over-all picture. By changing the sales tax and bringing it down we would in effect also be reducing our cost of living by that same percentage, not possibly by the full 2½ per cent because I realize full well that all commodities are not subject to the sales tax. I know, in fact, that food does not come under the sales tax. It is a recognized fact that the people of this country have complained for the past several years about the increased cost of living. This suggested change might not be felt immediately but it would certainly be felt in the long run, and it would have a material effect upon the cost of living. The percentage cost which is published every so often would be materially reduced and instead of having $178 million left in the hands of the taxpayers in a year's time we would have a total of at least $400 million to $450 million, as the case may be.

That reduction in sales tax would have one other effect. The retail price being what it is, we would be able to take advantage of the reduction in the export of our goods by having our mark-up cost reduced by the 2½ per cent.

In British Columbia particularly we find ourselves in the position of having a surplus amount of lumber on our hands and we have difficulty in selling it. I am satisfied that if the lumber merchants of my province did not have to pay the full 10 per cent sales tax the effect might be such that they would not find it quite so difficult to get some of the foreign market.

Mr. Broome: May I ask a question? Is the hon. member not aware that export sales are not subject to sales tax?

Mr. Hahn: That is a very fine argument except that when we manufacture the lumber into furniture or some other commodity that we have to sell we do pay the sales tax on it.

[Mr. Hahn.]

If the sales tax were reduced it would make it possible for us to sell our manufactured products.

Mr. Broome: Not for export.

Mr. Hahn: It would reduce the price and assist our people. There are other products that go into the manufacture of commodities, the glue and all the other essentials that are required, and a reduction in the sales tax would make a difference.

Mr. Speaker: I remind hon. members that we are dealing with the income tax bill and not with sales tax or excise tax bills. I really think it is out of order to suggest that the government should have included in this bill a sales tax remittance.

Mr. Hahn: I thank you, sir, for your ruling in that regard. I was using it as an example in trying to point out to the ministry how they might have saved the taxpayers the same amount of money, and it would have been a little more advantageous to the people and to the nation as a whole.

One of the other questions that is dealt with in this bill is the change in the corporation income tax to assist the small corporations. I fully agree with the ministry in this. For some years past I have been one who has been clamouring, I might say, for the government to give some alleviation and some assistance to the small corporations and business houses of the nation. I trust this will be of sufficient assistance to them to enable them to carry on an expansion program in the years to come to help them out.

Then, one other question is dealt with in this particular bill, namely the cost of living expenses of construction workers supporting dependants, which is to be allowed. I feel, as does the hon. member for Port Arthur (Mr. Fisher), that this particular amendment should also be extended to include the loggers not just in my province or in his province but throughout the dominion. It is a fact that it is just as difficult for these people in the logging industry to carry on and get by. They have the same difficulty as construction workers and, in a sense, this might be termed as discriminatory in its nature. The same regulations and the same law should apply to each one in the various fields.

I refrain from making any further comments at this time, Mr. Speaker. I trust, though, the minister will in the future, in considering taxation, see what can be done to assist the taxpayers as a whole to a greater degree, as I said earlier, by introducing changes in the sales tax which I feel will assist the people of this nation more materially than the changes we have before us.

Mr. A. B. Macdonald (Vancouver-Kingsway): I do have a few comments about the proposed changes in the Income Tax Act. I listened with great interest to the remarks made by the hon. member for Montmagny-L'Islet (Mr. Lesage). While I cannot put too much stock in what we might have expected from a Liberal government had they continued in office I think that his criticisms were very cogent indeed. I do not know whether the smiles, the interjections and the concern exhibited by those on government benches when he was speaking were an indication that they realize just how serious the breach of faith with the Canadian people has been. Surely if there ever were income tax changes or a baby budget which could be characterized as one of great expectations and dashed hopes so far as the people of Canada are concerned, this is it.

The hon. member for Montmagny-L'Islet mentioned something which I recalled having happened during the campaign. He referred to the remarks of the Prime Minister (Mr. Diefenbaker) to the effect that the pockets of every man, woman and child were being picked to the extent of $30. I recall, too, that the general impression throughout the country, as a result of Conservative electioneering, undoubtedly was that personal exemptions would be raised to $1,500 single and $3,000 married. That is what you have given out to the people of Canada.

Mr. Fleming: No, we did not.

Mr. Macdonald (Vancouver-Kingsway): That is the impression they have had.

Mr. Knowles (Winnipeg North Centre): The Minister of Transport (Mr. Hees) at Gananoque on May 23.

Mr. Macdonald (Vancouver-Kingsway): It is a great pleasure to be backstopped so thoroughly by the hon. member for Winnipeg North Centre (Mr. Knowles). Too often during election campaigns candidates and political leaders have given to the people of Canada words which promised much more than they actually contained. Sometimes they have proven themselves to be good lawyers by leaving themselves escape hatches. Perhaps that could be said as something that is true of the present Prime Minister (Mr. Diefenbaker). There can be no doubt that during this campaign, and as a matter of fact continuing up to the time the Minister of Finance announced these changes, the people of Canada expected these personal exemptions to be raised, and their hopes have been dashed.

I feel, Mr. Speaker, that these exemptions could have been raised. I believe that if the government will only reorganize the tax structure which has been set for so many years by Liberal governments and which could be expressed in the words, "taxation on the basis of the rich man's budget" and which could be characterized by the phrase "taxation policies where those who have too much pay too little and those who have too little pay too much", they would find that additional revenues are available. If the government would break away from that philosophy which is embodied in our taxation statutes they would find that additional revenues are available, not only to meet social security needs but to raise income tax exemptions.

I want to refer to some of the specific instances in the Income Tax Act where that could and should be done, and to methods whereby we could bring taxation in Canada back to a basis of fairness, equity and even-handedness, and where taxes would be really based on ability to pay. Mr. Speaker, in view of the fact I was going on to three distinct proposals, may I call it ten o'clock and move the adjournment of the debate?

On motion of Mr. Macdonald (Vancouver-Kingsway) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Marler: What will be the business of the house for tomorrow?

Mr. Green: Tomorrow we shall commence with the third reading of item No. 12 on today's order paper, an act to amend the Excise Tax Act; we will then continue with item No. 13, which is second reading of an act to amend the Income Tax Act; then take the resolution No. 16 on today's order paper concerning a measure to provide a loan to New Brunswick; then, item No. 11, an act to amend the Export Credits Insurance Act; then, item No. 21, which is the resolution concerning guaranteed prices for agricultural commodities.

Mr. Marler: Is it the intention to go on with the same program or so much of it as is unfinished on Saturday?

Mr. Green: I am not in a position to say definitely this evening. We may go on with estimates on Saturday.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PROTECTION WORKS, QUEBEC

Question No. 72—**Mr. Lesage:**

Of the amount of $750,000 provided for protection works in item 381 of the main estimates for the current fiscal year:

1. How much had been earmarked for works in each constituency of the province of Quebec?

2. How much has been spent in each such constituency for works started (a) before June 22, 1957; (b) since June 22, 1957?

Answer by: **Mr. Hodgson, Parliamentary Assistant, for the Minister of Public Works:**

1. No amount was earmarked for each constituency. Each project was considered on a basis of merit and priority.

2. Expenditure to date on work started:

Constituency	(a) Before June 22, 1957	(b) After June 22, 1957
Bellechasse	$ 10,522.72	Nil
Bonaventure	4,007.00	$ 18,531.36
Chambly-Rouville	4,161.90	3,624.01
Champlain	Nil	19,697.99
Chapleau	6,666.78	Nil
Gaspé	Nil	11,415.78
Lac-Saint-Jean	11,703.83	Nil
Lotbinière	19,590.13	Nil
Matapédia-Matane	Nil	10,698.54
Mercier	19,788.05	Nil
Nicolet-Yamaska	Nil	13,315.34
Portneuf	14,492.97	Nil
Québec-Montmorency	Nil	30,285.70
Richelieu-Verchères	Nil	42,906.21
Rimouski	Nil	12,243.94
Roberval	Nil	25,335.00
Saint-Hyacinthe-Bagot	13,120.18	Nil
Témiscouata	13,527.06	Nil
Pontiac-Témiscamingue	1,730.71 (Material)	Nil

LOBSTER CATCH, KENT COUNTY, N.B.

Question No. 180—**Mr. Michaud:**

1. What was (a) poundage; (b) cash value, of lobster catch in Kent county in (i) 1956; (ii) 1957?

2. What was (a) poundage; (b) cash value, of lobster catch in district No. 8 in (i) 1956; (ii) 1957?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

1.

Kent county, N.B.

	1956	1957
Catch (lb.)	3,033,500	2,325,000
Value to fishermen ($)	931,043	689,302

2.

District 8

	1956	1957
Catch (lb.)	8,311,000	6,821,000
Value to fishermen ($)	2,553,010	2,005,922

HOUSE OF COMMONS

Friday, December 13, 1957

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Ninth report of standing committee on railways, canals and telegraph lines.—Mr. Fraser.

EXTERNAL AFFAIRS

NATO—EXTENSION OF GOOD WISHES TO CANADIAN DELEGATES TO FORTHCOMING MEETING

On the orders of the day:

Right Hon. L. S. St. Laurent (Leader of the Opposition): Mr. Speaker, may I take a moment or two at this time to express on behalf of all the members of the official opposition our good wishes to the Prime Minister and his colleagues the Minister of Finance and the Minister of National Defence who, I believe, will be leaving early this evening to attend the extraordinary council meeting of the North Atlantic Treaty Organization in Paris next week. I can assure the Prime Minister and his colleagues that these good wishes are very sincere and I have no doubt that they are shared by every member of this house—

Some hon. Members: Hear, hear.

Mr. St. Laurent (Quebec East): —regardless of party affiliations and generally by the people of Canada.

Of course these good wishes extend also to the Secretary of State for External Affairs who, I understand, had to leave a little earlier and who by this time has probably already reached his first destination.

Naturally these good wishes include the very hearty and confident hopes that the Prime Minister and the members of his party will have a comfortable and safe journey and will be back in our midst at the time fixed in their schedule. Those personal wishes come from the esteem and friendship which the members of this house have for the Prime Minister and his colleagues who will be representing Canada on this important occasion.

We all realize, of course, how important to the members of the North Atlantic Treaty Organization is this special meeting and, as the Prime Minister reminded the house on Wednesday in the exchange of questions and answers recorded in *Hansard* of that day, the character of the meeting probably arises from the earlier meeting of the Prime Minister of the United Kingdom and the President of the United States a few weeks ago. The Prime Minister added:

> It also arises from the realization that the recent scientific advances on the part of the U.S.S.R. have called for an intensified examination of NATO and its principles, to the end that it may advance to the future stronger than ever before in its purposes and in its aims.

There are, no doubt, many difficult and complex problems which will be the object of consideration at this meeting. We understand the heads of the governments of most of the member countries will be present. I am not going to refer any more to these difficulties, because that would not serve any useful purpose at this time, but we have had an example of their number and complexity in these exchanges which have taken place from time to time in the House of Commons, and the Prime Minister said on Wednesday that as to the furtherance and extension of the application of article 2 of the North Atlantic treaty he felt he would be speaking with the approval of the members of the house.

I think I can say in a general but very sincere way that the Prime Minister may feel that he and his colleagues will have behind them the support of all the members of this house and of the public generally in their efforts to promote what has been the usual attitude of Canada as a middle power in its endeavours to smooth out the disagreements which are bound to arise from time to time between the leaders of countries engaged in a common pursuit, disagreements which are certainly overweighed by the general desire of all the members of the organization, their governments and peoples, to promote and try to secure peace in the world.

They will be doing this at a time when we are all reminded of the age-old promise of peace in the world to men of good will.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I join the Leader of the Opposition in expressing good wishes to the Prime Minister and the members of his party who are attending this very important conference in Paris. There are times when party differences are put aside and we can be unanimous

in our good wishes, and this is especially so in connection with a conference of this nature.

I think in all probability this organization has never met with the eyes of so many people upon it as at the present time. I was very glad to hear the Secretary of State for External Affairs say the other day that some way must be found of negotiating with those with whom we have been at variance over the years in order that the world may be protected from the threat of destruction which has been hanging over it for so long.

The North Atlantic Treaty Organization, I remember well, was first suggested at the United Nations by the Leader of the Opposition. I was a member of the Canadian delegation when that proposal was made at the United Nations assembly in 1946, and there is one feature of it which I hope the Prime Minister and his colleagues will stress, namely article 2, for economic co-operation. I believe more can be done to unite the western nations by article 2 than by any other means.

All we hope is that our delegation will be able to promote peace among the nations of the world, and I can assure the Prime Minister that we wish him and the delegation every success in the great undertaking in which they will be engaged next week. I know, as the Leader of the Opposition has said, that this feeling is shared not only by everyone in this House of Commons but by the people in every part of Canada.

Mr. Solon E. Low (Peace River): Mr. Speaker, I am sure it will not require a multiplication of words to add my good wishes to the expressions of good will which the Prime Minister and his colleagues have received from all sides of the house on leaving to take part in this summit conference in Paris. I can only say that those speakers who have preceded me spoke words which are in my own heart and mind.

I should also like to say that the circumstances at this time are unusual. These are dangerous times, and it seems to me they will require an unusual amount of co-operation among the nations which are now called the free nations of the world. If this NATO meeting can result in an extension of the application of article 2 in such a manner as to bring about this unusual measure of co-operation, I think we can see some life at the other end of the tunnel. I believe representatives of the nations attending this meeting must go to unusual lengths in seeking ways of removing fear, because I believe that today fear is the greatest cause of world tension.

[Mr. Coldwell.]

I believe the place to start is with ourselves and the way we work with other nations and treat other nations. I also believe that there is more reason today to play the game with the utmost honesty, in the first place, than ever before and if our delegation can give leadership at the NATO conference in that respect and on a high moral plane I am satisfied the results will be good. Our best wishes go with them.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I need not say how deeply grateful I am to have the expression of the viewpoint of the right hon. Leader of the Opposition and the leaders of the C.C.F. and Social Credit parties. This is one of those times when in a spirit of unity the House of Commons demonstrates the true relationship between members of various political parties that is of the essence of parliamentary government and the preservation of freedom as we see it. Indeed, what has been said here this morning is indicative of the strength of our system, which permits strong and definite opinions being expressed regarding those matters which separate us while at the same time maintaining not only the amenities but the friendships that exist among those who although they represent different viewpoints are united in their common dedication to the worth-while things of life.

As I speak for my colleagues and myself, may I say how much what has been said here today will mean to us in the days that are ahead as we meet with the representatives of the other 14 countries composing NATO, not in an aggressive attitude, not in a belligerent attitude, but in a realization that only in the maintenance of our undivided unity and in dissolving those things that separate us from time to time will freedom truly be preserved.

When reference was made to the fact that the Leader of the Opposition first raised this question of unity in the free world it brought to me a feeling of pride as a Canadian that the idea and concept should have been first introduced at an international meeting by one of those within this parliament who still occupies a high position in the deliberations of our country. There is no one, I am sure, who realizes more than I that in recent months, indeed in the last year and a half or two years, certain profound differences have arisen among members of NATO.

There is nothing unhealthy or abnormal in that fact. Communist countries are able to deny the beneficial effect of criticism or disagreement. We know there have been difficulties and disagreements, and my hope is that this conference, playing as it does an important role in providing a forum for consultation, will achieve that unity of purpose

to which I have already alluded, that rededication to principles upon which NATO had its beginnings, the redeclaration of its aims and purposes, so that we shall be able among the forces of freedom to advance into the sombre days of the future once again realizing that we have established a unity beneficial to the maintenance of peace. Indeed, without it peace cannot be assured.

We should not exaggerate our difficulties nor our problems. That we can meet at this time and that the heads of the various states will be able to meet indicates that the alliance retains its basic strength and vitality, that its principles still retain a basic similarity of point of view.

There is one thing that I think we must make clear, and that has been made clear this morning. NATO has no aggressive purpose. Mention was made of the need to dissipate fear in the world as a major element in preserving peace. At this meeting I hope it will again be made abundantly clear that this is a defence alliance; that the basic purpose of NATO is to deter aggression and to preserve peace. That is the attitude of this parliament as I see it today.

A prime minister's responsibility, and the responsibility of those associated with him, must always be so to speak as to convey to other nations what has been the traditional position of Canada, a middle power exerting its influence, as the Leader of the Opposition said, among other nations joined with us who have their disagreements—disagreements which are natural—and do those things which we believe are necessary.

My hope is that out of this NATO meeting will come that new spirit which is expected not only by the peoples of the free world, but also by men and women of good will everywhere. Our purpose will be to make the contribution, however small, that is available to us to bring about the achievement of what the Leader of the Opposition said, peace on earth to men of good will.

INDONESIA—STATEMENT AS TO POSITION OF CANADIAN NATIONALS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): As numbers of relatives of Canadians in Indonesia have been endeavouring through this department to secure information with regard to their relatives located there, I feel that a statement at this time might clarify the situation.

The information received from our various diplomatic missions abroad indicates that the position of Dutch nationals and Dutch interests in Indonesia has not yet been clarified, although it is evident that many Dutch nationals resident in Indonesia are being encouraged to leave. Our embassy in Djakarta has reported that there is no immediate threat to non-Dutch nationals or interests, as armed security enforcement by the Indonesian army remains reasonably good. One hundred and thirteen Canadians are registered with our embassy in Djakarta as residents of Indonesia. About 30 of these are with the United States oil companies in Sumatra, 30 with the embassy, Colombo plan and other foreign aid dispensing agencies, and the remainder are mostly missionaries. I should like to repeat that no measures have been taken against Canadian nationals and no evacuation of Canadians is now contemplated. However, if evacuation becomes necessary, emergency procedures to achieve this end have already been planned.

NATO—PROPOSED ESTABLISHMENT OF NEUTRAL ZONE FOR ATOMIC WEAPONS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Prime Minister. I am going to try to put the question in such a way as not to embarrass him, and he will understand that I am not trying to embarrass him in any way. I will put it this way. May I hope that the Prime Minister and his delegation will give sympathetic consideration to the proposal for the establishment of a neutral zone, particularly for atomic weapons, as suggested by two countries, I believe, namely Poland and Czechoslovakia and which is somewhat in line with the proposal made by Sir Anthony Eden in 1955. May I express the hope that sympathetic consideration will be given to that matter.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the attitude of the Canadian delegation will be to give the fullest consideration to every proposal which is made and which has as its purpose the amelioration of the present tensions. The suggestion of my hon. friend will certainly receive that sympathetic consideration.

LABOUR CONDITIONS

BRITISH COLUMBIA—FURTHER STATEMENT ON REPORTED CLOSING DOWN OF HOWE SOUND COMPANY

On the orders of the day:

Hon. James Sinclair (Coast-Capilano): Mr. Speaker, I should like to address a question to the Minister of Justice. Can he inform us as to the negotiations respecting Britannia mines?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I am glad the hon. gentleman is able to ask this question. A meeting was

held yesterday of representatives of the company from New York, representatives of the men, the minister of mines of British Columbia, my colleague the Minister of Public Works and myself. It was a valuable and helpful meeting. Certain understandings in principle were arrived at which involve the various representatives reporting back to those to whom they are responsible. I hope to be able to make a fuller and perhaps a final statement on Monday or Tuesday.

AGRICULTURE

NORTHERN ALBERTA—STATEMENT ON INVESTIGATION INTO HARVEST

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, some days ago the hon. member for Peace River asked for a report on the progress of P.F.A. inspections in the Peace river area, where disastrous crop conditions exist. Yesterday he asked the Prime Minister whether the government would make a full investigation. I think I should point out that the investigation currently being carried on, as will become clear when I make this statement, is perhaps as thorough an investigation into what the crop conditions are as could possibly be made.

Inspections are being carried out in the Peace river country and Athabasca districts of Alberta as speedily as possible, but the work is being delayed by extremely bad weather. In the Peace river area on December 9 there were 25 field inspectors working, and supervisory officers were contacting as many other qualified men as are available with a view to getting the inspection work completed in as short a time as possible. I might say we hope to have 50 men at work as soon as they can be secured, given their training and put into the field.

Checking offices have been opened at Sexsmith and Falher, and clerks have been hired to help process returns as they come in. A third office may be opened in the town of Peace River. It has been reported that four inches of snow and rain fell on December 8 and that road conditions are extremely bad, which is delaying the work. In several districts the inspectors can get around only on horseback.

Because of the bad weather and the inability of the field inspectors to report promptly, it is not possible to say how much of the work has been done to date. However, a close check is being kept and the supervisory officials who have been sent to the area are doing all they can to avoid any delays.

[Mr. Fulton.]

The hon. member for Athabasca said to me yesterday that the same conditions prevail there as in the Peace river country. I promised him that I would investigate that matter, and I have a report on it. In the Athabasca district about 70 townships have been applied for, and inspections are almost completed. While harvesting has been delayed in some parts by the weather, the situation does not compare with that in Peace river. There appears to be a problem in about ten townships, and the municipality of St. Paul has asked to meet with the district supervisor. A meeting has been arranged for December 16.

It appears that in this district, as in several others, there are some unthreshed crops that are salvageable; that is, it will be possible to thresh them this winter or in the spring. In such cases the inspection work will not be undertaken until harvesting is completed. In most of the Peace river area the unthreshed crops remaining in the fields are definitely not salvageable.

UNEMPLOYMENT INSURANCE

REQUEST FOR EMERGENCY REGULATION TO COVER PACIFIC COAST FISHERMEN

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to address a question to the Minister of Labour. I am sorry I was not able to give him notice until after coming into the house. Has the Minister of Labour received a further request on behalf of the salmon gill net and seine fishermen of British Columbia who are faced with a problem in connection with unemployment insurance because they have fewer than 15 contributions? If so, can he tell the house what steps are being taken by him or by the unemployment insurance commission to deal with the serious problem being faced by these fishermen?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member's question I wish to say that I have received representations from the united fishermen and allied workers' union in British Columbia as well as other representations with regard to relaxing the seasonal provisions of the unemployment insurance regulations further so that fishermen with fewer than 15 stamps might receive seasonal benefits.

This matter has been given very careful study with my officials, and the decision is that I do not feel a further relaxation of these provisions would be in order at this time. I am sure it will be appreciated that a relaxation of the requirements on behalf of one particular group would soon result in

demands from other groups and individuals for a similar relaxation. To meet this demand would entail a further revision of the seasonal benefit regulations which have just recently been revised to provide a longer benefit season. Thus I am afraid I cannot see my way clear to recommend the further relaxation which has been requested in this case.

SHIPPING

C.G.S. "LABRADOR"—INQUIRY AS TO BASE

On the orders of the day:

Mr. E. L. Morris (Halifax): I desire to ask a question of the Minister of Transport of which I have given him notice. Can the minister advise whether the *Labrador* will continue to be based in Halifax after completion of icebreaking duties in the St. Lawrence?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for advising me of his intention to ask this question. The *Labrador* has been based in Halifax for quite some time and it is not the intention of the government to change these arrangements.

Mr. Lucien Cardin (Richelieu-Vercheres): May I ask the Minister of Transport whether tenders were called in connection with the refitting of the H.M.C.S. *Labrador*?

Mr. Hees: I am sorry, Mr. Speaker, but I could not hear the hon. member's question. Would he speak a little louder?

Mr. Cardin: I was asking whether the minister could tell the house whether tenders were called for the refitting of the *Labrador*.

Mr. Hees: The work being done on the *Labrador* at the present time is under the jurisdiction of the Department of National Defence. Perhaps the question could more appropriately be directed to my colleague.

Mr. Cardin: May I redirect my question to the Minister of National Defence.

An hon. Member: Pass the buck.

Hon. G. R. Pearkes (Minister of National Defence): I could not say offhand whether or not tenders were called. If tenders were called they would be placed with the Minister of Defence Production.

Some hon. Members: Oh oh.

Mr. Cardin: May I ask the Minister of Defence Production whether tenders were called for the refitting of the *Labrador*?

An hon. Member: Who is next?

Hon. Howard C. Green (Acting Minister of Defence Production): Mr. Speaker, I thought that was coming. Unfortunately I cannot pass the question any further along the line. I shall have to make inquiries and let the hon. member have an answer in a day or two.

TRADE

AUTOMOBILES—STATEMENT ON EXPORTS TO ASIAN COUNTRIES

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Essex West asked this question:

> Is there any prohibition on the export from Canada of automobiles of Canadian manufacture to communist China or to other Asian countries?

The answer is this. All shipments to communist China require an export permit. In the case of Canadian built passenger cars permits are granted, and hon. members may be interested to know that to date this year three automobiles have been exported to communist China. Permits are also required for Hong Kong, Macao, Outer Mongolia, North Korea, Sinkiang, Tibet and Indo-China.

Mr. D. F. Brown (Essex West): I have a supplementary question. Do I understand that three automobiles were exported to communist China?

Mr. Macdonnell: That is the answer.

Mr. Brown (Essex West): Would export permits be granted for any number of automobiles that may be required by communist China from Canada?

Mr. Macdonnell: From the answer furnished me I cannot see that there would be any limit on the number. It says "All shipments to communist China require an export permit". An export permit is required, and that is the only requirement.

Mr. Brown (Essex West): I have a further supplementary question. Is any consent of the government of the United States required for the export of automobiles from Canada to communist China?

Some hon. Members: Oh, oh.

Mr. Macdonnell: I cannot believe that that is so, but in order to give a final positive answer I think I should take this as notice.

Mr. J. A. Byrne (Kootenay East): May I ask a supplementary question of the Acting Minister of Trade and Commerce. Under the existing Canadian-American defence agreements, could a United States company prevent one of its Canadian subsidiaries from accepting orders for non-strategic materials—for example, automobiles—from the republic of China? I hope the minister will take this question as notice.

Mr. Macdonnell: I will take that as notice.

Inquiries of the Ministry

REPORTED STATEMENT BY CANADIAN HIGH COMMISSIONER TO UNITED KINGDOM

On the orders of the day:

Hon. Jean Lesage (Montmagny-L'Islet): I should like to direct a question to the Prime Minister. Might I ask him whether the high commissioner of Canada to the United Kingdom was expressing government policy when he said this, according to this morning's *Globe and Mail*:

The things we have are needed for industrial production in the United Kingdom . . . Our raw materials are waiting to be taken and used.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have not seen the item. I intend to make no observation on an excerpt appearing in the press.

CANADIAN NATIONAL STEAMSHIPS

REPORTED REFUSAL OF OFFICERS TO WORK SHIPS —RESUMPTION OF SERVICE

On the orders of the day:

Mr. C. E. Johnston (Bow River): May I direct a question to the Minister of Transport. Yesterday I asked the minister if he would give the house a statement with regard to the condition that now exists on the C.N.S. ships. His answer to me was in these words:

It—

That is the newspaper.

—stated that those officers were quite willing to sail under foreign registry.

I should like to suggest to the minister that just repeating what a newspaper had said is not a responsible statement to be made to this house. May I ask the minister if he would make a further investigation into this serious problem and give a statement to the house on his own responsibility as to the condition and the safety of these ships as they exist today. Maybe he is not prepared to give a statement today. Perhaps he would prefer to give it tomorrow or Monday, but I think we should have an up to date statement with regard to these ships. I wonder whether he would be good enough to do that.

Hon. George H. Hees (Minister of Transport): The question asked by the hon. member yesterday was with regard to a statement which appeared in the press to the effect that officers manning these eight ships were not willing to sail under foreign registry.

My answer was that following the article to which he referred a further article—and as I said yesterday I believe it was a Canadian Press dispatch of the following morning—corrected the article to which he was referring and said that, contrary to the previous article, I believe all 65 officers on these eight ships had stated they were willing to sail under foreign registry. Seven of them, however, said that although they were willing to sail under foreign registry they would prefer to sail under Canadian registry.

I thought, Mr. Speaker, I had answered the hon. member's question in full. If he wants a further statement I will be glad to give it to him at this time. The eight ships are in Halifax harbour. The officers are on the ships; the ships are in good condition. I am afraid I can give the hon. member no information other than that.

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): I would like to address a supplementary question to the Minister of Transport. Would he give the house the answer to the all-important question, which is, when will the service between Canada and the West Indies be restored?

Mr. Hees: Well, Mr. Speaker, the hon. member for Laurier asked that same question yesterday. The hon. member for Shelburne-Yarmouth-Clare was in the house, and he heard my answer. It is the same today. I do not know.

Mr. Kirk: You still do not know?

Mr. Hees: That is right.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—INQUIRY AS TO PRIMARY USE OF DAM

On the orders of the day:

Mr. F. C. Christian (Okanagan Boundary): I would like to ask a question of the Minister of Northern Affairs and National Resources or the acting minister, notice of which has been given. In connection with the South Saskatchewan river dam project, has the government given consideration as to whether the dam is to be primarily for the storage of water for irrigation purposes or for the generation of electric power, or for both purposes?

If so, what tentative or final decision has been reached with the government of Saskatchewan with respect to the use or uses of this project?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, this question should have been addressed to the Minister of Agriculture, who answers for the South Saskatchewan dam, so I shall answer it in that capacity. In connection with the first part, it has always been known that the dam was for irrigation and power purposes. The project has always been discussed from those

two points of view. It is perhaps primarily for irrigation purposes, but the power feature also was important.

As to what tentative or final decision has been reached with the government of Saskatchewan, negotiations are still going on with that government in regard to the matter.

Right Hon. J. G. Gardiner (Melville): Mr. Speaker, might I ask the Minister of Agriculture another question with regard to the same matter. The statement has been made that this is primarily a dam and reservoir built for the purpose of providing irrigation. It has never been understood to be that. As a matter of fact it has been said many times that no one would build that dam for the purpose of supplying water for irrigation only; it would be too expensive. I would just like to ask the minister if he would not agree that the greatest possible use to which this dam could be put would be to supply water to an area that is at present the driest section of the drought area of western Canada, it being in the middle of that area. The supplying of water for—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Gardiner: —other purposes, that is to say for farming, community and industrial purposes is most important, and not primarily irrigation.

Mr. Harkness: Mr. Speaker, I do not really understand why the hon. gentleman rose. I have stated in answer to the question I was asked that this dam was built for both irrigation—which was what I was asked—and for power purposes. Of course everybody understands and has known that in addition to the irrigation benefits which will come from the project, the fact that this large body of water will be collected as a result of the building of the dam or reservoir is going to raise the water table. The whole project will naturally have many beneficial results, merely from the fact that this large body of water has been brought into existence.

Mr. Gardiner: Well, Mr. Speaker, my hon. friend suggests that he does not know why I rose. I rose because he had, in addition to giving an answer to the question—

Some hon. Members: Oh, oh.

Mr. Gardiner: Mr. Speaker, I am explaining why I stood up at the time.

An hon. Member: We are not interested.

Mr. Gardiner: —in addition to giving that answer—

Mr. Speaker: Order. If the right hon. gentleman proposes to ask another question—

Mr. Gardiner: No, I am not asking another question. This is a question of privilege.

Mr. Speaker: There is no question of privilege involved.

Mr. Gardiner: There is a question of privilege, when it is stated that I did so and so and I am suggesting I did not.

Mr. Speaker: I am sorry I do not agree with the right hon. gentleman.

ST. LAWRENCE SEAWAY

INQUIRY AS TO EFFECT OF IMPOSITION OF TOLLS

On the orders of the day:

Mr. W. H. McMillan (Welland): I would like to address a question to the Prime Minister. Would the government give consideration to making a proper survey of the effect on our Canadian economy of proposed tolls on the St. Lawrence seaway? I ask this question having in mind that the tolls set should have no discriminatory effect against Canada or any industry in Canada.

Hon. George H. Hees (Minister of Transport): I will take that question as notice.

BUSINESS OF THE HOUSE

REQUESTS FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the house leader whether it would be possible, either now or during the debate on the Beechwood resolution, to have answers given to starred question No. 45, which I put on the order paper in the hope of having answers before that debate took place.

Mr. Speaker: This is the question that relates to the Beechwood project?

Mr. Pickersgill: And other matters, sir, which while they do pertain to that motion are perhaps not strictly relevant.

Mr. Speaker: Yes. I have been considering that question following the ruling I made about the first two items in the question relating to Beechwood being out of order. The remainder of the question appeared to be in order, and is it to that part of the question which the hon. member directs his question?

Mr. Pickersgill: It is that part of the question to which I have directed my question to the house leader.

Mr. Speaker: To make it clear, I consider that items 1 and 2 of the question are out

of order because they relate to the Beechwood project, which is on the order paper and shortly to be discussed. The remainder of the question referred to other matters and I see no objection to its being dealt with if the hon. minister wishes to do so.

Hon. Howard C. Green (Minister of Public Works): We will look into the suggestion made by the hon. member.

Mr. Pickersgill: I appreciate that very much.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, in continuation of the point raised by the hon. member for Bonavista-Twillingate, I wonder if starred question No. 48 could be answered today. Evidently an answer was ready last Wednesday but through some inadvertence it was not delivered.

Mr. Green: Mr. Speaker, I think I can get even here. This is the responsibility of the Minister of Transport.

Mr. Pickersgill: He denied it yesterday.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, my department has advised me that since there are replies due from several departments with regard to this question, the Secretary of State is collecting these answers and will deal with the matter. I may be wrong, but that is what my departmental officials advise me.

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, I will look into the matter.

PENSIONS

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO INCREASE FOR RETIRED EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I address a question to the Minister of Transport. Has the minister yet ascertained whether he has received the letter to which I made reference yesterday and which was written to him on November 15 by the Canadian National Railways veterans association at Vancouver, urging an increase in the pensions of retired C.N.R. employees? If the minister has not received the letter, may I have the privilege of sending over to him a copy of the letter which was sent to me, together with a copy of a letter addressed to Mr. Donald Gordon, so the minister can study this important question?

Hon. George H. Hees (Minister of Transport): I will be very glad to receive it.

[Mr. Speaker.]

EXCISE TAX ACT

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of Bill No. 231, to amend the Excise Tax Act.

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

INCOME TAX ACT

The house resumed, from December 12, 1957, consideration of the motion of Mr. Fleming for the second reading of Bill No. 232, to amend the Income Tax Act.

Mr. Alex. B. Macdonald (Vancouver-Kingsway): Mr. Speaker, when I moved the adjournment of this debate last night I was pointing out that the proposed amendments to the Income Tax Act still leave that act as one which taxes some of those who should not be taxed and fails to tax some of those who should be taxed, with the result that we do not have sufficient revenue to provide sound taxation policies which would be fair to all people in Canada.

In particular, the amendments fail to do enough in the way of exemptions for children. Naturally I welcome the extension of the exemption in the case of dependent children from $150 to $250, but I think hon. members will agree that this is not nearly enough in view of the cost of living and, in particular, the cost of raising a child in the world today. I agree, too—and I think this statement was made by the hon. member for Montmagny-L'Islet (Mr. Lesage) last night—that the better course to pursue would undoubtedly be to improve family allowances. I say that partly because we know that increasing income tax exemptions in respect of dependent children does not help those many Canadians who do not pay income tax at all. I say it also because too often in my law practice I have had experience with cases where it was most important that something be given to the mother in the family, as is the family allowance, rather than to the father because in broken homes or nearly broken homes, due to alcoholism or some other factor, the breadwinner was not capable of looking after his own family. The principle adopted under the family allowance regulations of sending the cheque directly to the mother is a beneficent one, and I regret that the government has not seen fit to improve family allowance at the present time.

In addition, of course, the present act, as I pointed out last night, does not begin to meet the legitimate expectations of the

Canadian people for an increase in the amount of personal exemptions.

What are the proposals I have to make with a view to alternative revenues; because if we are going to increase personal exemptions and give a better break to the children of Canada, to give every one of them an equal chance of recreation, health, housing and educational advantages, where are we to find the alternative revenues? I wish to draw attention to three cases where we are failing to tax those who should be taxed, cases where special privilege is still enshrined as a principle in our income tax legislation.

The first I will deal with briefly, because it has already been dealt with in this house; that is, the iniquitous 2 per cent tax for the old age security fund. That 2 per cent, as hon. members of this house know, applies only upon the first $3,000 of taxable income; so the situation arises—and I say it is an iniquitous situation—where a man with $3,000 of taxable income pays $60; a man with $30,000 of taxable income pays the same sum, $60, and a man with $300,000 of taxable income still pays $60 only.

This is special privilege with a vengeance, and it is also poor husbandry on the part of the government, because there is an additional source of revenue were that 2 per cent not only to be extended throughout all income tax brackets but graduated, as it should be, to fall more heavily on large incomes.

The next example I wish to refer to is the privilege—I call it the special privilege—conferred under section 38 of the Income Tax Act; that is, the privilege of deducting from taxation 20 per cent of all dividends received from Canadian companies. This situation, grotesque in terms of fair taxation, was presented to the house by the hon. member for Nanaimo speaking on March 12 of this year, and I want to give the house again the example he then presented to the former minister of finance. I am referring to page 2471 of *Hansard* for 1957.

Here, as the hon. member pointed out, you can consider two cases, each concerning married men with no children. Each has a gross income of $11,133. In the case of the man who gets that $11,133 in dividends from Canadian companies, his income tax would be $1,877.24 before the rebate is given, plus a surtax of 4 per cent on investment income over $2,400, or $349, making the total tax $2,226.56. That man would get a tax credit of 20 per cent of $11,133, his gross income, which would amount to $2,226.60.

In the case of this unearned income, that special credit under section 38 entirely wipes out his tax and $60 only is paid into the old age security fund. In the case of the man who earns the income, he pays his full tax of $1,877.24.

With all deference, Mr. Speaker, I submit that this is discrimination which still exists in our income tax legislation. It is a case where we are extending favours to income that comes from owning, not doing. We are extending a special favour to income that is begotten by wealth, not service, when in all fairness and simple justice it should of course be the other way around.

The next section to which I wish to turn for my third point is section 8, subsection 1 of the Income Tax Act. The general section provides that any income conferred upon a shareholder of a corporation is of course taxable, but the exception is this. Any advantage of benefit conferred on a shareholder is not taxable when it confers "on all holders of common shares in the capital of the corporation a right to buy additional common shares therein."

What are some of the consequences that flow from those very few words? Already in this session of parliament we have given attention to two bills, one to increase the capitalization of the British Columbia Telephone Company from $75 million to $150 million and the other the Bell Telephone Company bill. I am referring to these merely as examples of the millions of dollars which go completely untaxed in this country because of that particular little section. In the case of the British Columbia Telephone Company the spokesman for that company stated quite frankly in committee that their increased capitalization would be issued in the form of share rights. They said they had always followed that procedure, and with the approval of the board of transport commissioners they intended to follow it in the future. In other words they will grant to their existing shareholders the right to purchase the new stock issued at six or eight points below the market, as the spokesman said. In the case of the Bell Telephone Company the increased capitalization—

Mr. Speaker: Order. I am not sure that I follow the connection of the hon. member's remarks with the bill before the house. This is an act to amend the Income Tax Act and it is relevant, as I understand the precedents, to discuss the sections of the Income Tax Act which are to be amended by this bill but not to review the act as a whole. I have allowed a certain amount of general discussion of taxation policies, but it seems to me that the hon. member is going pretty far afield. If other hon. members do the same this debate may reach no conclusion.

Mr. Macdonald (Vancouver-Kingsway): Mr. Speaker, with all deference may I state that my position is that we cannot weigh the advisability of approving the particular proposals with respect to revenues advanced by the government without considering alternative proposals.

Mr. Speaker: It is my view that the hon. member is out of order in discussing all the other provisions of the Income Tax Act which are not under review or subject to amendment in this bill. I would refer to a ruling of the Speaker in 1949 on that subject, to be found in the *Journals* of the House of Commons of the second session of 1949 at page 237, which reads:

> On the second reading of an amending bill—it is the principle of the amending bill and not the principle of the act to be amended, which is the "business under consideration". The discussion must therefore relate exclusively to the principle of the amending bill.

As I say, I allowed a certain amount of discussion of the principle of income tax which is proposed to be modified, but it seems to me that the hon. member is going out into other forms and aspects of taxation which are not before us.

Mr. Macdonald (Vancouver-Kingsway): Mr. Speaker, I am pleased to abide by your ruling though with regret, not quarrelling so much with the ruling, which of course I cannot and do not do, as with the manner in which the government has introduced these changes, which perhaps has already been the subject of enough debate and rulings in this house and I will not refer further to it.

In order that my remarks already on the record will make some sense, I will conclude by saying that I regret that the government has not opened up section 8 of the Income Tax Act, because I believe that many millions of dollars now accruing to Canadians as unearned income could and should be the subject of income tax legislation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the hon. member concludes his remarks I wonder if there is not a special consideration that Your Honour should think about in relation to the matter that is now before us. No one can deny the technical correctness of the position Your Honour has just taken. May I also say that I understand Your Honour is not bound by any commitment that a minister of the crown may have given, but you will recall that on Friday evening, December 6, the Minister of Finance had this to say as reported at page 2023 of *Hansard*:

> Again when the bills are introduced—the bill to amend the Income Tax Act, the bill to amend the Excise Tax Act—hon. members will have their full opportunity to discuss the measures, offer suggestions and move whatever amendments they choose to offer—

Lest I be accused of omitting part of the sentence—perhaps I should omit it so as not to put these words of the minister on the record again—I will complete the sentence, which is as follows:

> —and to oppose those measures if they dare.

In view of the minister's statement, which the house accepted, that there would be full opportunity on the bill to amend the Income Tax Act and the bill to amend the Excise Tax Act to discuss the measures and offer suggestions, I wonder if you, sir, should not continue to allow the measure of latitude that you have allowed thus far in this debate. I think last night you allowed latitude to the first spokesman for the official opposition, which was quite proper, and you allowed it to others. It may be that the particular matter the hon. member for Vancouver-Kingsway got into seems too specific to come under this suggestion of the Minister of Finance, but I wonder just where we will get the general discussion which the house as a whole believed we would have following that statement by the Minister of Finance.

Mr. Fleming: There is nothing in the statement I made that would undertake to override the rules of debate. What I said was that we would have a full opportunity to discuss the measures. This is one of the measures now under discussion, and whatever is relevant and properly within the rules of the house can be said; but there is no suggestion in the remarks I made on Friday night that there is any right on this occasion to override the normal limits of debate under the rules of the house.

Mr. Knowles (Winnipeg North Centre): It is perfectly true that the Minister of Finance did not say he was asking the house to set aside its rules, but I think it is known that there are times when suggestions like this are made, and it is assumed that unanimous consent has been given if there is no objection. The house operates that way on many occasions. If the house misunderstood the meaning of the Minister of Finance last Friday I suppose that is unfortunate, but it did seem to me that what the minister was saying at that time was that we should not worry about the loss of the eight-day budget debate because we would have an opportunity to discuss these matters. He did not use these words at that point, but somewhere he used the words "to their heart's content".

Where do we get that opportunity if we do not get it on the second reading of so general a bill as the bill to amend the

Income Tax Act? For example, when we get into committee on this bill there is no question but that we are then limited strictly to the clauses of the bill, but at this point it would seem to me that you might continue to allow reasonable latitude.

Mr. Speaker: I do propose to allow reasonable latitude. As the hon. member has pointed out, I consider that general remarks and arguments about what other taxation reductions might have been undertaken, other than those which are in this bill, are a proper subject of discussion, in view of the way in which these matters come before the house; but the reason I rose was that the hon. member for Vancouver-Kingsway was getting into discussion of specific sections of the Income Tax Act which are unaffected by this bill. I do not want to preclude him from discussing income tax in principle in connection with this bill, as I did not interfere with other members doing that before, but it is a question of becoming too specific. If hon. members will endeavour to hold the balance there I shall not try to restrict them unduly.

Mr. Macdonald (Vancouver-Kingsway): Mr. Speaker, I will proceed and try not to trespass on your patience or your ruling. I shall try to speak in a very general way and bring my remarks to a conclusion.

The point I was making about share rights was simply this. That is a general way of financing private expansions in corporate financing. It results in great increments to the shareholders of the companies concerned. Sometimes they can realize that benefit by retaining the shares which are given to them at below the market price; sometimes they can realize the benefit by selling the share rights; but however it may be done, it is a source of great benefit to a relatively small group of Canadians, which is totally untaxed at the present time.

I am going to conclude now, Mr. Speaker, by requesting all members, when they consider these specific amendments that are being proposed by the government, to ponder seriously whether the government has gone nearly far enough. I would appeal particularly to the members of the Liberal party to my right when these questions come up, such as the allowance to construction workers which is not going to be given to loggers at the present time, such as the adequacy of the exemptions for children, to speak as they think and to vote as they speak. I appeal to the government to consider trying to embody in the Income Tax Act what Shakespeare called "this even-handed justice". I ask them to proceed in the direction of redressing the balance between those who pay too little on too much and those who pay too much on too little.

Unfortunately the amendments which have been proposed do not clearly mark out that direction at all, much less strike out boldly in the direction of that social equality which should be the first objective of a democracy.

Mr. E. G. Hansell (Macleod): Mr. Speaker, on second reading of this bill I should like to say just a word. This Social Credit group, which has been in this house for quite a number of years, has not taken as much time in the house as generally is taken on a good many measures which some people may think deserve some attention, but which at times we have thought did not require all the attention which had been given to them. But when it comes to matters under the Department of Finance, whether it is taxation, inflation, tight money—no matter what the subject might be within the confines of that department—we feel that we have been sent here with a sort of special mission, a mission that will propose that which is right and proper in monetary fields and condemn those monetary policies which we believe work to the disadvantage of the people.

We are now considering Bill No. 232, which has been brought in by the Minister of Finance, and which he himself has declared is brought in more or less as a substitute for his budget. It deals with a reduction in the income tax. I might say we support the bill partly by compliment and partly by condemnation. The reduction proposed in this bill is commendable but puny. I think all will recognize that any reduction in income tax must be acceptable because it leaves that much more spending power in the hands of the consuming public, yet we do believe that there is a class of people which this reduction in income tax does not touch at all.

I refer to the particular class of people who are so poor they do not even reach the bracket of income where they must pay any income tax. It does not affect them at all, and they are the people who are more in need of consideration than any other class of people in the country. They are the old age pensioners who have to live on that which they receive by way of their pensions; they are the recipients of war veterans allowances, war veterans pensions, and all those social service benefits that go to them through the social service acts. People who may have to live on just those amounts of money are not affected by this bill. In other words, those who need it most cannot get any benefit from the present government's taxation policy.

There are other people who should be considered when legislation is proposed for a reduction of income tax. For a good many years many of us have been advocating the inclusion of medical expenses as a justifiable exemption in matters of income tax. This bill does not touch that matter at all, yet if any consideration is given it should be given to those who are burdened by expenses because of illness over which perhaps they have no control at all.

Just the other day I received a letter from a man who is a cripple. He cannot walk to work; he must have transportation. He cannot even get on a bus; he must be driven to his work in a car. He can drive a car although he is unable to walk. Well, the department will not allow him anything for the expense of operating his car. They will not allow any exemption for that. Yet we find that an employee or the manager of a company or firm is in a different position.

Perhaps he does not even own his own car and does not need to, because he is in a position where he can use a company car. The company gets an exemption for the running expenses of that car, but the poor man does not get any recognition with regard to the expenses of running his car, and if he happens to be a cripple a car is an absolute necessity.

It seems to me that is unjust. I think a good deal of our taxation legislation is unjust by reason of the principle of taxation, but it certainly is unjust when the poor and the needy are forgotten in matters of taxation policy.

Yesterday the hon. member for Port Arthur referred to the exemption of expenses of university students. I have brought up this matter at previous sessions. The university student works a little bit during the summer months to earn some money with which to go to university. During the time he is attending university his earning power is almost at a standstill. His father helps to finance him but the father gets no recognition for that except that the young man or young woman may be a dependant and the father gets the benefit of the $400 exemption allowance on income.

There are a lot of these cases that we could bring before the minister, but I am not going to labour this point. I do not want to get away from the actual principle of income tax. While the bill gives some relief to some taxpayers, it does not give relief to the very people who stand most in need of it.

In replying to certain discussion the other day the minister said that he was conscious of the evils of taxation. He suggested that this is something nobody likes, but somehow or other the government feels that it must continue to tax. Of course I am not saying there should not be some form of reasonable taxation, but while the minister says that taxation is an evil but which he apparently regards as necessary, I find that the government will never countenance any suggestion that will lead to a reduction of taxation without affecting income. That is an important point.

As far as this group are concerned, we believe that taxation could be very considerably reduced if it were not for the fact that the government knows very well that when it spends money it must get the money from somewhere to spend. You cannot have it both ways, according to present government policy, which is the policy that was pursued by the previous government. As a matter of fact, so far as actual monetary policy is concerned there is no difference between the preceding administration and the present government. There is absolutely none. As a matter of fact, as far as I can see it does not take any particular brains to run a finance department if it is a matter of balancing income with expenditure.

Mr. Argue: In that case even you might make it.

Mr. Hansell: In that case even I might make it, not that I want the job at all. The fact of the matter is that the finance minister is in an almost impossible position. He is trying to operate the finance department and determine financial policies under a financial system that does not work, that is not self-liquidating. Oh, I see Mr. Speaker rising.

Mr. Speaker: Perhaps it is unnecessary for me to say anything, because the hon. member recognizes that we cannot enter into a general discussion of the economics of different financial systems.

Mr. Hansell: Mr. Speaker, I rather anticipated something like this. I am afraid my anticipation has been realized, and that a perfectly good speech is going to be seriously spoiled. I appreciate the comment on the point of order that was offered by the hon. member for Winnipeg North Centre, that we were given to understand by the finance minister that by reason of the fact he did not bring down a budget, the widest latitude would be given on this measure for the discussion of monetary matters.

An hon. Member: That was a Conservative promise.

Mr. Hansell: The finance minister is shaking his head. He is not nodding it; he is shaking it. Evidently he did not mean that.

Mr. Fleming: I did not say that.

Mr. Hansell: He did not say that but he left that impression with a good many of us. If he did not say it and if he does not mean it, then that is the reason he did not bring down a budget, because he does not want his monetary policy exposed. There has been a good deal of discussion here on the point of whether the Bank of Canada controls him or whether he has any influence or control over the Bank of Canada. I do not blame him for not wanting that matter discussed.

Mr. Speaker: Order. The hon. member will have an opportunity to discuss these matters on the estimates. I appreciate the point made by both members that this is the only opportunity of discussing the financial changes which the government is making at the present time, and for that reason I have allowed some latitude. However, I do not think this is the only opportunity, and I think we must keep within a reasonable distance of the bill, which is an income tax bill.

Mr. Hansell: Mr. Speaker, I think I will have to agree with you on the point that when the minister's estimates come before us we will be able to discuss monetary policy on the first item. I am only sorry that his estimates did not come down a week ago, when the house leader indicated they would.

Mr. Fleming: The finance estimates were brought down. They were under discussion last Friday night, and we will be discussing them again.

Mr. Hansell: I think the house leader indicated that they would be brought back again on Monday or Tuesday.

Mr. Fleming: No.

Mr. Hansell: The minister shakes his head this way again. However, I do ask that the minister not leave the first item until the dying days of the session. May I say that this group have behaved pretty well in not occupying the time of the house unreasonably, but when it comes to matters of monetary policy that is the time we wish to make our voices heard.

With those remarks I am going to take my seat because I may as well put my speech in cold storage for a future occasion. Perhaps it will come out a little hotter when I make it. We are going to vote for this measure because it is commendable. It reduces income tax, but we do believe that after all the boasting in election speeches this is a pretty puny reduction in the tax.

Mr. Claude Ellis (Regina City): Mr. Speaker, I am pleased to have this opportunity of putting before the house a few observations which I arrived at as a result of discussions with many of my constituents during the summer months concerning the tax changes which the people in my constituency thought they were going to get from the government in this first session of this parliament. I would preface my remarks by stating that the attitude which I and, I am sure, other C.C.F. members have taken with regard to the Income Tax Act is that it is part of a tax structure which is extremely unfair to the low income groups in Canada.

In my judgment the income tax was never intended as a tax to be levied against those on modest incomes. By its very nature the income tax was considered a means of taxing those on comfortable or high incomes. But over the years—and the war years gave an impetus to this downward movement—the exemptions under the income tax act in many countries have been pushed downward so that today there are many people in Canada who are required to pay income tax and who are earning salaries which place them at or near the subsistence level.

For example, we have minimum wage legislation in Canada. In my own province and in my own city that wage is $30 a week. I would suggest that the minimum wage is exactly what the name implies; it is the barest minimum on which a worker can be expected to live. Yet we have the strange situation that a single worker in Canada earning just over $20 a week—in other words $10 less than the minimum wage paid in the cities of Saskatchewan—is required to pay income tax. I suggest that the Income Tax Act in that respect is very unreasonable.

It is all very well to talk about inequities under the Income Tax Act, but I think over the years we in the C.C.F. group have suggested a means whereby we might remove from the income tax rolls at least a number of these people who are earning incomes so low that by no stretch of the imagination should they be considered to be earning enough to pay income tax. For many years we have advocated in this house that the exemption for income tax purposes for single taxpayers should be increased from $1,000 to $2,000 a year and for married taxpayers from $2,000 to $3,000.

I for one was highly elated last spring to find that the Conservative party, after many years, had finally arrived at the position where their policy was brought into line. Whether it was under the impetus of the election in the immediate future or for whatever reason, I do not know. Nevertheless they came out and suggested, declaimed, promised or pledged that if elected they would increase the exemption for single taxpayers from

$1,000 to $1,500, and that for married taxpayers the exemption would be raised from $2,000 to $3,000. Where the statement was made through the press or on the public platform, as was done by the Minister of Transport in his Gananoque speech, I can say one thing of the government, namely that the publicity work done on behalf of the Conservative party must have been very effective, because the people in my constituency were definitely under the impression that the government was going to increase the exemptions under the Income Tax Act as outlined just a moment ago. The promise was given, and I do not think any responsible Conservative can deny that that pledge was made in various ways and so effectively that people throughout Canada expected this type of reform in the Income Tax Act.

What has happened? There has been no move whatever to increase the exemptions. Thus we find the situation continuing where, as I say, single workers earning over $20 a week, which is below the minimum wage paid in those provinces of Canada which have minimum wage legislation, are yet required to pay income tax.

It is true that there has been a move to increase the exemption per child under the terms of the Income Tax Act. Here again at the present time a family with four children earning less than $2,600 a year is not affected by this move at all. In other words, as far as tax reductions are concerned that family is receiving no benefit whatsoever. I would remind the government that their promises with regard to tax reductions were not merely specific pledges to increase the exemptions, but there was a blanket assurance on the part of the Conservative government that they would cut taxes.

Last evening reference was made to their frequent claim that the pockets of the Canadian taxpayers were being picked to a certain extent. In my constituency I was often stopped in the street in the months of August and September by constituents who said, "When are you going down to Ottawa? When is parliament opening? When are we going to get those tax reductions?" The man in the street had been led to believe, as indeed the Prime Minister pledged, that his government would call a September session in order to cut taxes.

Hon. members supporting the government have made frequent boasts during the course of this session, and we shall probably hear a great many more, that they have kept their pledges, and that they have done all the things they promised to do. Here is one specific instance in which they are a far cry from the action which was promised by the government prior to June 10.

With respect to the vast number of Canadian citizens who, notwithstanding the great claims of prosperity in this country, are earning incomes so low that they are never called upon to pay income tax, there is no measure of tax relief whatsoever from this government. The old age pensioner on his mere pittance is still paying the sales tax on the necessities of life and in some instances excise tax on things which are necessary to life. There is no tax reduction for the pensioners, for those living on annuities, or who have retired on modest savings and who are not paying income tax because their income is not high enough. There is no measure of tax relief for that group of Canadian people.

I therefore suggest that when hon. members opposite get to their feet, pat themselves on the back and boast about how they have reduced taxes, they should explain why they consider that the vast number of Canadian people who are earning very low incomes should be ignored in this fashion. I should like the Minister of Finance to explain to the house why, in conformity with the pledges made by the government prior to the election, there is no provision to increase the exemptions for single or married taxpayers under the terms of this act, and to suggest to the house how the government can claim to have reduced taxes and to have kept their pledges with respect to tax reductions as long as they have failed to take any action to reduce the taxes paid by the people with the lowest incomes in this country. Such tax reduction can only be brought about through reductions in the sales tax, a tax which is levied on the lowest paid worker, the recipient of the lowest income in this country.

My colleague the hon. member for Vancouver-Kingsway suggested, with respect to the increase in the exemption, per child, that perhaps an even more effective way of granting assistance to family groups throughout this country would have been an increase in the family allowance. Such a move would certainly have extended benefits to all families in Canada, not merely to families which are earning incomes of over $2,600 a year. Whatever measure of tax relief is given, this legislation must be considered in terms of what the bill does not do and the vast number of Canadian people who are ignored under its terms.

I realize, Mr. Speaker, that when we talk about further tax reductions we are always asked, "Well, where is the government going to get this money? What is the alternative form of revenue?". I think the Minister of

Finance certainly has reason to expect suggestions as to how alternative forms of revenue can be obtained. I suggest however that, for one thing, the absence of a tax on capital gains is a pretty sad commentary on the tax structure in the country at the present time.

On former occasions members of this house have pointed out the part played by capital gains in the creation of large fortunes. As a matter of fact, if we were to go through the history of the large fortunes in Canada and the United States we would find that in the main the accumulation of that wealth was through capital gains and certainly not through salaries or wages, regardless of how large they might be. I think there might be some argument as to whether capital gains constitute income, but I believe the economists generally will agree that capital gains are income and, like other income, represent taxpaying ability.

That is the basis upon which taxes should be levied, on the ability of the individual to pay. Therefore the refusal of the government to face up to this problem and to tax Canadians on their ability to pay means that the greater part of the tax levied must be borne by the low-income groups who are living at the subsistance level. We find the incredible situation in Canada where Canadian workers, earning less than the minimum wage, are required to pay income tax.

As far as capital gains are concerned, the thing that must be borne in mind is that capital gains result from the sale of assets and that they are not too dissimilar from ordinary trading profits; but in any event the accumulation of wealth from capital gains represents on the part of the taxpayer the ability to pay, and that should be the basis upon which Canadians should be taxed.

There are a number of other matters with which I should certainly like to deal, but I would like to make some brief reference to the clause concerning the allowability of expenses to construction workers. This is something of course, in which I have been interested for some time. I come from a constituency—

Mr. Fleming: My hon. friend is referring to a clause of the bill, which of course is not in order in a speech on second reading. If he could leave that matter until we go into the committee and deal with the clause then it would not raise any difficulties.

Mr. Ellis: Perhaps I gave a wrong impression, Mr. Speaker. It was not my intention to deal with that clause specifically, except to say that I do hope the government intends to apply the widest possible interpretation to this section because—

Mr. Fleming: That could be said in commitee.

Mr. Ellis: —as the minister will remember from past experience, we have had the buck passed between the former minister of national revenue and the former minister of finance regarding the application of that section. I would merely like to say this, that I am somewhat alarmed by the exclusion of loggers, which would seem to indicate that we have some reason for apprehension in that regard. However, I will make no further comment until we get into committee.

There are a number of other matters which I think should command the attention of the house in connection with this legislation. I note with some regret the failure of the government to take some steps to allow medical expenses, which is another matter with which the hon. member for Winnipeg North Centre and other members of this group have been particularly concerned over the years.

Mr. Knowles (Winnipeg North Centre): So was the Minister of Finance.

Mr. Ellis: As my colleague points out, the Minister of Finance was very interested in this matter when he sat on the opposite side of the house.

Mr. Fleming: Do you think he is no longer interested in it?

Mr. Ellis: I regret that his interest has perhaps somewhat waned since he moved across the aisle. Perhaps the ability to pay is involved in the ceiling placed on tax paid with respect to old age security. I should have thought the principle of taxing people on their ability to pay could have been applied in this instance. However, the failure of the government to make any move to correct these obvious flaws in the act indicates that it is not too much concerned about bringing in an over-all change in the Income Tax Act.

Now, as in other matters, we have argued that there was really no change in the government last June 10; it was just a change of faces and a change of personalities. We find in this and other legislation that any changes are those involving minor parts of the act, changes involving amounts, but there is no indication on the part of the government that they are going to bring in substantial or far-reaching changes in the tax structure of the country. I do hope the Minister of Finance and his colleagues will not continue their practice of boasting of pledges kept, but will just refresh their memories with regard to their statements made last spring, particularly those with reference to increases in the exemption levels for single and married taxpayers.

Furthermore, having regard to the pledges made by the Prime Minister, members of the present cabinet and members of his party prior to the last election, I hope they will feel that they are under a solemn and moral obligation to the people of Canada to do a great deal more in so far as tax reduction is concerned than is outlined in the bill now before us.

Mr. William Bryce (Selkirk): Mr. Speaker, I have just a few words to say. In particular I want to raise a problem which I have raised on different occasions before Mr. Ilsley, Mr. Abbott and Mr. Harris and now I should like to do so before the present Minister of Finance.

It may seem strange to members in this house that I should be asking for some protection for the farmer with respect to income tax, because it was only yesterday or the day before that we were pleading how poverty stricken was the farmer and how we needed some way of boosting his income. In fact the Minister of Agriculture appreciated the problem of the farmer, and I am hopeful that, while the farmer is the backbone of this country and while he is up against it financially at the present time, these days will change and he will come back into his own and receive a fair return for his produce.

Now I think the farmer gets a raw deal from the Minister of Finance. His whole family's earnings are taxed as the return for one individual. If the farmer has some boys under 16 years of age he cannot deduct anything for wages paid those boys. My own boy is a grown man now with his own farm, but I have some grandsons who can go out, at 11 and 12 years of age, and run a tractor or other farm machinery, thus saving their father the expense of hiring a man.

While that is going on the wife does a tremendous amount of work around the farm. She produces extra food for sale, such as eggs, poultry and chickens. All these things are sold in the name of the farmer. You have the wife and three or four children producing on the farm and all their work goes to make up the income of the farm, yet the whole thing is taxed as the earnings of one man.

I am going to appeal to the Minister of Finance, who always seems to me to be fair, to look into this. When I raised this question before it was answered in this way; that if this were done for the farmer's wife or family it would have to be done in the same way with regard to others. But if a thing is wrong, it is wrong; and it does not matter how many situations you have to look into. I do not want to labour the point. I think the farmer is getting a raw deal through being taxed as one person while other people help him to earn his income. There should be a reduction in the tax having regard to the services those other people render on the farm.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, unlike the hon. member for Port Arthur I will not have to apologize when I return to my constituency for the small reduction which has been made in the income tax, because the people in my riding did not fall for all the promises that were made. The result was that the Conservative candidate lost his deposit and the other pie in the sky candidate ran third.

Mr. Sinclair: Which party was that?

Mr. Byrne: That was the C.C.F. party. I did not expect these promises would be carried out, because I felt that if we were to do more in providing for those who are unable to provide for themselves, in the way of further social legislation, it was inconceivable that the promises of tax reductions at the same time could be brought about.

But certainly we welcome the reductions, if they will have any effect in improving the living standards of the people across Canada. I doubt, however, whether they will. The Conservative party has now been in power for almost six months, and by the end of the fiscal year they will have been in power almost nine months. The tax reductions they have brought in amount to $26 million or $1.60 per capita. For a family of four people this works out to $6.40. If the maw of inflation is to be fed in any way by this minuscule reduction it is conceivable that the cost of living index may rise 1 per cent. A rise of 1 per cent in the cost of living index will represent, for the average family which spends about $2,500 on annual living expenses, about $24 in that period, so this small rise in the cost of living index could reduce the assistance given by more than four times. That is to say, these reductions would soon be eaten up by inflation.

We welcome the proposal that construction workers should benefit by being allowed to deduct their living expenses while away on construction jobs. I understand the former administration had some difficulty working out methods by which these contingencies could be taken care of. They felt that the cost of administration was such that it would outweigh the benefits that might be received, but this administration has apparently found that there is a workable arrangement which can be made.

If this is so I think the government should have gone further and included other groups of employees, such as lumber workers, who are of necessity required to maintain living quarters at a distance from their homes. Often these homes have been acquired at considerable cost, perhaps through the Central Mortgage and Housing Corporation, but in addition to the cost of maintaining these homes they are obliged to meet additional expense in maintaining themselves elsewhere. There are instances where miners and prospectors are required to go out and work on properties. They also should enjoy the benefit of this provision of the act.

I was interested to hear the hon. member for Macleod mention those who are suffering from incapacity or ill health. The nature of the mining industry is such that many of the mines are located at high altitudes. Very often the wife of a miner or a member of his family is not able to live at such an altitude.

Mr. Speaker, may I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Byrne: Mr. Speaker, just to bring this overcrowded house up to date with regard to what I was saying prior to the noon recess, I was speaking of the special circumstances surrounding employment in the mining industry, where because of the nature of the industry many of the mines are located at high altitudes where for a number of reasons in some cases the members of the family are unable to reside with the employee. I have reference to several personal acquaintances of mine who are in just such circumstances. They are required to maintain their families in homes at a lower altitude and maintain themselves at the site of the operation. This circumstance works a great hardship on them. I feel that they should also be included in the provision that has been introduced in this amendment.

There are other circumstances surrounding employment in the mining industry to which we might also give some consideration. By the nature of its undertakings mining is a particular hazardous occupation. Miners are required by law to provide themselves with protective equipment such as hard hats and hard-toed shoes. In many instances a pair of leather boots which are accepted as the best footgear to meet safety requirements may cost up to $24 a pair, and the miner may wear out two or three pairs of boots in one year. In some cases the mining company will pay a portion of the cost of this equipment by making deposits to the supplying retailer, but even when that has transpired a pair of leather shoes is said to last only six months at the most, and because of the acid content of the water to which they are exposed they deteriorate rapidly. The supplying of this equipment is a considerable expense for the miner, and this is another case where special consideration might be given.

The person who is employed on a wage or salary has no opportunity to make provision for any of these circumstances. In many instances a small businessman is given some latitude in determining what are actual expenses and what are not, and it may be that many of these small businesses are able to operate only because they are in a position to make these deductions from actual earnings. I think this is probably true in many cases, and there is still the basic difference between this group and those on salary that seems to discriminate against employees who work on a payroll basis.

For instance, an automobile is generally recognized as a necessity today. Business-men are able to make certain deductions which almost write off the cost of their automobiles, and in many instances they can deduct the cost of operating them. The cost of operating automobiles under normal circumstances would total approximately between $800 and $1,000 a year, and the value of the automobile is reduced by about $500 each year. We certainly cannot assume a cost of less than $1 a day for the maintenance of an automobile. This is an expense which must be met by those of us on wages and salaries who own cars, and we are given no consideration with respect to income tax deductions.

One hon. member mentioned earlier the question of the 2 per cent tax for old age security. I do not agree with the hon. member that this is irregular as he would seem to indicate, but I think there is room for some improvement here. The ceiling on old age security for income tax purposes could justifiably be increased. It would have the effect of bleeding off from those who are already in good financial circumstances and receiving the old age security pension a certain sum of money. It is generally understood they do not actually require the old age security payments, but for the purposes of administration everyone has been included in the act.

In addition to the parents of a university student I believe the student himself should be given special consideration in cases where he earns over $1,000 a year. He should be

exempt from taxation, because in view of the high cost of education $1,000 is not going to provide him with a full year of university training.

That is all I have to say on this question. I hope the minister will see fit to give consideration to these matters, and more particularly that he will include other categories of employees for exemption when living apart from their families.

Mr. Speaker: The hon. member for Burnaby-Coquitlam.

Mr. Fleming: Mr. Speaker, before my hon. friend is called on I wonder if hon. gentlemen would permit me to say this. Far be it from me to wish to ask any hon. member to curtail his remarks in any way. I am, however, one of the ministers who expect to leave to attend the NATO council meeting by plane at seven o'clock tonight. I cannot leave until this bill is disposed of, and I simply ask the consideration of hon. members under these rather cramping circumstances.

Mr. McIvor: Short speeches, yes.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I wish to assure the minister in my opening sentence that I intend to be very brief indeed. However, this is a field in which I have taken some particular interest over a number of years, and I would not like to see the opportunity pass by without expressing my pleasure at being able to endorse the principle of the bill we now have before us. I think its effect will be much more widespread than that of the bill we dealt with yesterday. I feel that in a much more direct manner the purchasing power of that section of the Canadian people whose purchasing power ought to be enhanced at this time especially is going to be aided by the passage of the bill that is now before us.

I am pleased to note that quite contrary to my expectations the new government we now have, that is now amending the Income Tax Act, is following what I feel is a sounder course than the old government followed when they gave tax relief under the Income Tax Act. What I have in mind here again relates to the urgent need to keep at a maximum the purchasing power of our Canadian people, because we are threatened with an apparent overproduction of consumer goods all along the line. When the old government made its last amendment to the Income Tax Act, as I recall it, the awards were made on a percentage basis, and the wealthy people who did not actually need a reduction in taxation were able to obtain benefit away in excess of what the ordinary taxpayer received.

[Mr. Byrne.]

One of the underlying principles of the amendment before us, as I see it, is that more or less all taxpayers in the country—and this applies to all corporations—are receiving an even sum of money which, of course, means that under this bill much more in proportion is to be given to the poor than to the rich. I feel that is something that is very desirable.

I should like to call the minister's attention to one thing with respect to the principle of the bill. I notice that he recognizes the need to raise the exemption for dependants. In my opinion the raising of the exemption for dependants is a much more urgent and pressing matter than reducing the rate of taxation. I do not think anyone can argue that we can bring up a child these days on the annual exemption allowed in the Income Tax Act. I have always failed to see the reasons for granting an adult an exemption of $1,000 and only a few hundred dollars for a dependant. If this government wishes to help family life in our nation they might well consider at some future time extending the principle they have adopted in this bill, namely the principle that the exemptions for dependent children should be raised. I rather regret that the sum allowed for a child is not at least $500.

I also wish to pass on a thought in connection with what the previous speaker and other speakers have already referred to, namely the principle that a certain class of workers who have to live away from home should be given an extra concession. I should like to impress upon the minister my belief at least that there are tens of thousands of other people, not necessarily all manual labourers, who must earn their living away from home, and I feel that to begin to discriminate as between one class and another of our Canadian citizens in the Income Tax Act is a regrettable thing. While I do not intend to oppose the adoption of the principle which the amendment signifies, I do feel that it has in it an element of discrimination.

I should also like to call the minister's attention to another problem, and I regret that it is not being touched here. About a year or so ago, when we had the last amendment to the Income Tax Act, there was a provision to encourage the Canadian people to save more money. We were granted the right to deduct the premiums paid on certain types of insurance and annuity policies. I notice no mention of that here, and I regret that. I hope the minister will look very carefully at the regulations which his department has drawn up under the existing Income Tax Act in that regard, because I feel the limitations which are being imposed are much too severe. I am sure the intent of the former minister

of finance is not being carried out by the very limiting restrictions which have been placed upon the types of insurance and annuity policies which are exempt.

The history of the Income Tax Act, Mr. Speaker, is that it was imposed during the first world war in order to help pay for the burden of that war. It was retained after the war, and the argument which has always been given for its retention rather than its abolition is that since a welfare program is under way in our Canadian life, the Income Tax Act is a useful instrument whereby the government might take from those who have more than enough in order to help, through various pieces of welfare legislation, those of our citizens who have less than enough.

At the present time we seem to have lost that intent of the Income Tax Act. While there is some recognition in the bill before us that the government seems to feel that we ought to return to the old intent of the Income Tax Act, and that they are prepared to grant some concessions, yet they have not changed the basic exemptions of the average worker. They remain at $1,000 for a single person and $2,000 for a married person. I realize the rates have been reduced, but the exemption has not been raised.

We have in our present economy a situation where we are levying an income tax on the below-average wage earner. I feel that this is putting a completely new purpose to the Income Tax Act, a purpose which I should like to see eliminated. I should like to see the day when exemptions are raised to the point where the average and below average wage earner are exempt from paying income tax.

Our proposal is that the exemptions should be raised to at least $1,500 for a single person and $3,000 for a man and his wife, with a dependant exemption of $500 for each child. I feel if that proposal were adopted the government would be going a long way toward making the Income Tax Act once again an income tax act and not a general measure of taxation of our people.

(*Translation*):

Mr. C. N. Barbes (Chapleau): Mr. Speaker, as the representative of the riding of Chapleau, I would like to offer a few remarks in connection with Bill 232, amending the Income Tax Act.

Back in March, 1957, the present Minister of Finance (Mr. Fleming) delighted in lambasting the Liberals, denouncing cyclical budgets and recommending numerous exemptions. But last week, after six months of hard work and just before Christmas he brought down in the house bits of half-measures, mere cracker bits.

I think that on the financial festive table to which he had invited Canadian taxpayers six months ago, there is very little to satisfy his guests, that is, the Canadian taxpayers.

Last May and June, Mr. Speaker, I urged the citizens of my own riding of Chapleau to leave the administration of this country in the hands of people who had had valuable experience and a remarkable record in overcoming difficulties through the many measures they had enacted since 1940.

Many thousands of electors were beguiled by the Conservatives and their enticing promises. At times they were even dazzled by the bright pictures of what the country would be like under a new Conservative government.

Thousands of electors felt that a tax-happy administration would be replaced by open-handed "exemption granters" who would abolish some of the taxes and promote new undertakings right across the board.

Well, after six months, it must now be realized that as far as the income tax, at least, is concerned, the new government is not giving as much as it had dangled before the eyes of large families or of plucky men who have to take jobs far from home and work hard at them but who find in this bill nothing but eye-wash, nothing but little tufts of straw—a meaningless electoral argument—compared to the promises made in the spring of 1957.

Apparently an exemption is granted for construction workers enabling them to include reasonable board and lodging expenses they have to pay when they cannot work in their ordinary place of residence.

In our area, numerous loggers, prospectors and miners travel 100, 200 and 300 miles from home for the purpose of getting work. Their travelling expenses should be taken into account.

Again, the government should provide advantages for workers in areas such as Abitibi, Gaspe, Lake St. John and others too, who have to leave their home and family and take a job far away.

An advantage is given to construction workers who are away for 36 hours; nothing is given to our workers who are away for 36 days and more.

On the other hand, the deduction for each child has been increased by $100. It is an improvement to a certain extent, although it falls far short of what families should receive,

for the forthcoming year, from those who, last spring, promised so much to our children and who had accused the Liberals of holding on to 500 million dollars, allegedly the fruit of overtaxation by a tax-happy lot. But out of all this, we are given mere crumbs that cannot substantially relieve the burden of those who have a large family.

Yes, Mr. Speaker, there was indeed a more efficient way, which the government could have used, to bring relief to taxpayers most in need of it: raising family allowances. There again, the promise had been that these would be doubled whereas the matter is merely being considered. And all this time in hundreds of our homes, you will find thousands of people who, this fall, four months after the Conservative victory, do not earn enough to provide decent clothing or food for their children. Yet, those are the allowances the Conservatives had promised to double. Let us hope that they will do so before long, for an increase is sorely needed and it has been promised. What are you waiting for? If you cannot give us jobs, give us allowances, you who felt so mighty last June.

No, there has been as yet no increase in family allowances under the new government. It is true that in 1957, in the thick of the struggle in this House of Commons, neither the Conservative leader nor the Minister of Finance mentioned the matter. It was the Conservative candidates, like the one in Chapleau, for instance, who promised everything under the sun and described us as greedy "taxers".

Today, however, the new government will at least accept my telling its members that, especially in the light of those promises, and of increases in other respects, old age pensions and so on, the children in my riding, and all the others want family allowances that will make up for the loss in the buying power of the dollar since 1945.

The Conservative leaders in La Reine, Amos and elsewhere in my own riding of Chapleau, are quite right in admitting to each other that the Conservatives have always been unlucky when they come into power. In 1957 it's the same as in 1930, and if we did not already have social legislation, the situation would be disastrous. The truth of the matter is that the people are always unlucky when they call in the Conservatives to lighten their burden.

(*Text*):

On a different subject, Mr. Speaker, please allow me to offer my personal wishes to the Minister of Finance for Godspeed, bon voyage and a prompt return to Canada.

[Mr. Barbes.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, yesterday on another bill the Minister of Finance chose not to make a speech in opening the debate on second reading but rather to make a speech at the conclusion of that debate. I note that today he did not avail himself of the opportunity to speak in moving the second reading of this bill, and I hope he will do as he did yesterday and make a speech closing the debate, so he may deal with some of the general points that have been raised. I make that plea to him because he knows that if he waits until we get into committee on the clauses of the bill it will not be possible for him to deal with some of the more general comments that Your Honour and the house have permitted members to make while we have been on the motion for second reading.

I shall not take the time of the house to repeat the arguments on some of the points that have been raised, but I should like to press the minister for a reply to the arguments advanced regarding the deductibility of medical expenses for income tax purposes. As the minister knows, on at least two occasions this session, as recorded on page 248 of *Hansard* for October 22 and on page 1896 of *Hansard* for December 5, I asked the minister whether the government would be doing something about this matter in line with the position taken by the Minister of Finance himself during the days when he was with us on this side of the house. On both occasions he asked me to exercise a little patience and wait until his budgetary proposals were brought before us.

As a matter of fact, the day before those proposals were announced I put my question to him and, of course, I was told to look back to a previous answer. When I did so the statement was that I should wait until we got into committee of supply last Friday evening at eight o'clock. I must not try to allege that the minister promised me he would make a statement, but I thought when he asked me to wait until that time I could look forward to some remarks on this question. I listened in vain Friday night; no comment was made on this point.

I say to the minister that it will not be good enough for him to remind me of what all of us know, namely that an action of some sort regarding this matter was taken by the house in the budget of last spring. As the minister knows, neither he nor I was particularly happy about that action. It is now part of the law that a taxpayer can, without putting in any receipts, claim $100 blanket deductibility for medical expenses, charitable donations and trade union dues. Well, that

is fine. To many people it does mean a slight increase in the deductibility to which they are entitled.

But I am sure the minister agrees with me now as he did last spring that in the main all that Mr. Harris did was to increase the basic exemption for everybody by $100. Surely that is not to be taken now as an implementation of this government's view that the exemption level should be raised to $1,500 for single persons and $3,000 for married persons. It still stands that so far as over-all medical expenses are concerned, unless people have extremely heavy expenses they get no special consideration that is not accorded to every other taxpayer.

I remind the minister of the many debates we have had on this question and of how he and the Secretary of State (Mrs. Fairclough) in particular, plus other members of the Conservative party, supported strongly—and we appreciated their support—the motions I moved on this matter a number of times. The minister will recall that on one occasion the former Liberal government permitted a motion asking for consideration of the matter to be passed, and after that the present minister and others berated the former government for not having done any more in response to that motion than give it consideration that amounted to nothing.

It is still a serious matter. It is in our view still a matter of unfairness that persons with medical expenses are not allowed any special consideration for those expenses unless they get over that 3 per cent floor. It is still a matter of unfairness when eyeglasses, hearing aids and many more drugs than those listed in the schedule are not allowed.

My main purpose in speaking in the debate at this time, conscious as I am of the fact that the Minister of Finance must get away tonight to Paris, is to press him to make a statement on this matter at this time. He can assume, I take it, that when we get into committee on the bill there are some amendments that we shall probably move from this corner of the house. After the ruling of yesterday there is no doubt about that. But there is one amendment we cannot move. We cannot present any amendment having to do with medical expenses, because in the amending bill there is nothing which deals with that subject. That is my reason for urging the minister to speak on this matter when he closes the debate on second reading.

While I am on my feet, may I join with others in saying that I regret that the Conservative government has forgotten the statement made during the election campaign about the desirability of raising the basic exemption levels to $1,500 for single persons and $3,000 for married persons. We also feel that the $100 increase in the dependants' exemption is not adequate. That, of course, is a matter that we can deal with when we get into committee on the bill, not only by speeches but by an appropriate amendment when we reach that clause of the bill.

When you take all these things into consideration, and when you bear in mind the comments that were made last night by the hon. member for Montmagny-L'Islet, it seems to me that there is justification for some of the criticisms that have been made about this budget to the effect that it is hardly the kind of generosiy the Minister of Finance would like us to believe it to be. As a matter of fact, I was quite interested in the concluding portion of the minister's speech yesterday when he, with great delight, held in his hand a cartoon depicting a couple of members walking out of the front door of the parliament buildings, obviously Liberal members—

Mr. Sinclair: Tut, tut.

Mr. Knowles (Winnipeg North Centre): I realize that the hon. member for Coast-Capilano (Mr. Sinclair) has a voice that permits him to say little more than "tut, tut", and probably it is just as well. Underneath this cartoon is the caption, "That was a smashing attack you made on the government just before we voted unanimous confidence". I shared with the Minister of Finance his pleasure in describing that cartoon. I suggested at the time, but I note that my words did not reach *Hansard*, that he might ask the house for permission to have the cartoon placed on *Hansard*.

Some hon. Members: Oh, oh.

Mr. Knowles (Winnipeg North Centre): That is not an impossibility. I realize that for the most part our *Hansard* is not an illustrated periodical, but it could be made to include a cartoon, and I think the minister's speech would be embellished if it were illustrated with the occasional cartoon such as the one to which he referred yesterday. If he would like to go along with my suggestion that that cartoon be placed on the record, I should be very happy to urge that the house give unanimous consent.

Perhaps when he has obtained that consent he might also be willing to ask the house to give unanimous consent to put another cartoon in the record. This one I should like to describe. It is in the Winnipeg *Free Press* of Tuesday, December 10. I realize that I must be careful in quoting from the Winnipeg *Free Press*. I got into a little trouble yesterday by quoting from one of the editorials in this paper with which I

happened to agree. However, this is an interesting cartoon. It is a picture of the Minister of Finance. He is shown there in tails and white tie, with a clean handkerchief in his pocket and a flower in his buttonhole. His face is well drawn. There is not a smile on it. He holds in his hand, upside down, a silk hat on which appears the word "Budget"; it is not "budgie" but "Budget". Underneath is a slogan, "Fleming the Magician Will Now Pull an Elephant out of his Magic Hat". What has the Minister of Finance in his hand which he has just pulled out of his magic hat? He has in his hand a little mouse. I should be glad if this cartoon, along with the other one, could be placed upon the pages of *Hansard*.

Mr. Fleming: Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, this is the first occasion, if my recollection serves me correctly, on which my hon. friend has invited me to make a speech. If my memory be faulty in that respect, it will certainly be the first occasion on which he has invited me to make a lengthy speech, when I fear I shall have to disappoint him.

There are many things I might, under ordinary circumstances, wish to say at this time, Mr. Speaker, but with the departure of the plane for Paris for this NATO meeting now only a matter of a few hours away I will ask the house to excuse me with only very brief comment on one or two points that have been raised.

Indeed, I think my comments should be of a general nature. Various suggestions have been put forward with regard to individual tax measures and tax reforms which are desirable in the view of those who have put them forward. Let me say in general that I came into this portfolio with an open mind on many of these questions, and also with the views I have already expressed on many of these questions in the past when a member of the opposition. I have not changed the views that were expressed then. I hope, given time and opportunity, to be able to carry further into effect some of the reforms that have been advocated by my colleagues and myself in times past.

But we cannot do it all in the first year. We cannot do it all in the first five months. We have gone as far as the limitations imposed upon us this year have permitted us to go. We simply had to accept the budget that was introduced last March on behalf of the previous government, and operate within that budget. That is my general comment with regard to the various matters that have been mentioned here in the course of debate.

As to views that have been expressed by my colleagues or myself on specific matters in times past, we have gone, we think, under the existing circumstances and limitations, a long way at this time, and we hope the house will view the present proposals in that light, namely the light of the limitations that we inherited. Our efforts in this respect are not going to end now. We are going to go on seeking to do what we can in fulfilment of a program of tax reform.

My friend the hon. member for Winnipeg North Centre asked me for a specific comment about the matter of the deduction of medical expenses. What I have just said applies to that matter. These and all other matters are going to receive continuing consideration. In my concluding remarks last Friday night I said something that evidently was taken up wrongly by those who followed me. I was trying to point out that the problems that have faced the government have been very heavy. We have done the best we could. We had a series of international conferences to prepare for and attend. We have done as much in this respect as I think flesh and blood can be expected to be equal to. We have not been able to do everything, but we are not going to stop our efforts now.

There are one or two matters that were touched upon that I think might more appropriately be dealt with in committee. I shall have a word to say there about this matter of the relief brought to construction workers, but I think those comments can more appropriately be made in the committee.

Mr. Hansell: I would like to ask the minister just one question. I understood him to say that he was soon leaving for the NATO conference, and I do not think we want to hold things up; but would he care to state when he expects his estimates will be proceeded with? Will we wait until he returns, or what is the program?

Mr. Fleming: The estimates of the Department of Finance cannot be called again in committee of supply until after we return from NATO, and the schedule calls for our being back, I think, just a matter of about three hours before the house adjourns for the Christmas recess.

Mr. Hansell: Thank you.

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

On clause 1—*Construction workers.*

Mr. Fleming: Mr. Chairman, I think I should offer the committee a brief statement on clause 1 in view of the fact that some hon. members in the debate on second reading raised questions about the extent of the tax relief provided by this clause.

As I indicated in an earlier statement, this clause is intended to provide a measure of relief for construction workers. I take it there is no issue as to the measure of tax relief afforded to construction workers, but questions were raised as to why they should be singled out for this particular consideration. Might I give the house a statement on that point, sir.

As I mentioned in my remarks last Friday night this is a new provision and, in its genesis, it goes back to a directive issued by the former government in the year 1956. Until that time there had been no attempt to include in the income of construction workers such allowances as are made to them by their employers for board and lodging when they were working away from home. That directive was confined to construction workers, and at no time in the consideration of this matter has any question been raised as to any other persons. The directive out of which the whole matter emanated related to construction workers and construction workers alone.

There was discussion of this matter in the house last spring, and at that time the former minister of finance said the new directive purported to treat from that point on, or gave notice that from that point on the government would treat such moneys as taxable income in the hands of construction workers. In the discussions in the house, and in face of protests from members of my party, the then minister of finance said the new directive would not be applied to income for the year 1956, but it would be applied as from January 1, 1957.

Shortly after coming into office we received representations on this point from both the construction industry and the Canadian Congress of Labour. These representations in every case have been confined to the construction worker. No representations have been made on behalf of any others.

I would not have the committee think this problem is free of difficulty. On the contrary, the whole matter is beset by some very serious administrative problems. We are, in a sense, opening a door and we will have to watch very closely the way this new provision works out, to see how the administrative problems are met. We are admittedly going a long way in this provision, but it was indicated to us that some firms—for instance, those engaged in construction on the D.E.W. line—had found it difficult to persuade construction workers to go to that area in the face of the directive that had been issued and the statement of the former minister of finance that the directive would be applied to all allowances accruing after January 1, 1957.

A question was raised about loggers. We have received no representations on that score, and the Canadian Congress of Labour in its submissions to us on more than one occasion put the case on behalf of the construction worker, and the construction worker alone.

Mr. Lesage: There is no union of loggers in our province; they appeal to their member for parliament.

Mr. Fleming: We have given to this plea of the construction workers very careful study and have brought forward this amendment, not without misgivings in regard to the difficulties of administration which might present themselves. I would, however, ask the committee to bear in mind that there has been no opportunity for giving consideration to the position of other workers who may consider that their tax position should be regarded as equivalent to that of the construction worker in the view embodied in the present clause.

Any attempt to deal with other groups would necessarily require the most careful study before any action could responsibly be taken. I am asking the committee therefore to approve the clause in this form, to give us an opportunity to watch—as we will watch very carefully—the application of the clause; and the matter will, I can assure the committee, be the subject of continuing study. I hope for that reason the committee will see fit to give us the opportunity to go forward with this clause, meeting as it does a problem, not of our creation, but a problem created by the directive of a year and a half ago; and will also give us the opportunity of seeing how this works out in operation and in administration before we are asked to revise it or to extend it.

Mr. Crestohl: I should like to direct a question to the minister. I wonder if he could tell us whether in a case where a worker whose talents and knowledge are essentially required and who is shifted about the country, say in the construction of aeroplanes, from his ordinary residence to the location where construction is going on, the term "construction worker" would also be applied

to that classification. Would the words "construction worker" also apply to this classification, because in reality they are construction workers. If a worker on the D.E.W. line is called a construction worker, then I think certainly an aeroplane construction worker might also be called a construction worker. Would the provisions of the bill also apply to those engineers who are summoned away from home for the purpose of helping in the construction of aeroplanes?

Mr. Fleming: Mr. Chairman, the hon. member is asking me for an advance interpretation of expressions used in this clause. I can only say to him that the interpretation will be a matter for the Department of National Revenue, and having regard to the purpose of the clause I am quite satisfied that the department will endeavour to place a fair and ample interpretation upon it.

As to what type of construction is contemplated here, the hon. member is seeking, I take it, to draw a distinction between someone who is engaged in constructing buildings which will become fixtures, part of the real estate, and someone who is engaged in constructing a chattel. I think I can say to him in this respect that a man who is engaged in the construction of a factory, a canal, a bridge or a road is obviously a construction worker. When it comes to the matter of fabricating an aeroplane or some chattel I should think that process would be more properly described as manufacturing than as constructing, for this purpose.

Mr. Crestohl: May I point out that I have a particular reason for asking this question. These are men of special talent whose ability and scientific knowledge are required. As a result of their particular knowledge and talent they are often summoned from one place to another. Would the minister not think these people should be placed in a special category, and that they should be offered the relief which the bill intends to provide?

Mr. Fleming: I am quite sure the hon. member is aware a man who is on, shall we call it, a travel status for his employer, a man who is travelling about on behalf of his employer, is not assessed for whatever the employer lays out as part of his travelling expenses or living allowance while engaged in his travels on behalf of his employer.

Mr. Barnett: Mr. Chairman, I listened very carefully to the Minister of Finance when he spoke on clause 1 of the bill. I am sure the proposal which it contains in so far as construction workers are concerned will be welcomed. The minister made reference to a directive on which we had considerable discussion in the house a year ago. As I understand it, the proposal for an amendment to the Income Tax Act which he is now bringing forward is in fact making legal something which, apparently, had been carried on as a practice in the industry over a number of years, a practice to which the Department of National Revenue has turned, more or less, a blind eye. I think that is obvious in the light of the directive we were discussing here last year under the name of bulletin No. 10.

Certainly I welcome the suggestion that discrimination against construction workers is to be eliminated. Nevertheless, from what the minister said in his opening statement it has become apparent that we will have to start all over again a wearing down process on the new Minister of Finance at a time when some of us felt we were beginning to penetrate the conscience of the former minister of finance to eliminate this kind of discrimination.

I must say that in listening to the Minister of Finance on the question of administrative problems I fail to follow his argument that because of administrative difficulties the broader provisions which some of us have been suggesting cannot be brought in at this time. Particular reference has been made to the situation of the loggers or bushworkers by a number of hon. members who have spoken earlier in this debate, and in pursuing the subject I should like to suggest that if the minister is thinking in terms of administrative problems he will really have a problem on his hands when he begins his attempt to determine whether or not certain workers are construction workers.

I would remind him that in some of the west coast logging camps where all the workers are organized in an industrial union there are probably a good many workers who are in construction classifications. The minister will find himself up against the peculiar difficulty of having to try to draw a fine dividing line between certain workers in these camps who can qualify as construction workers and certain others who, he will have the trouble of deciding, are not construction workers.

Earlier someone here was talking about a Pandora's box, and I think the minister, as a result of the approach he has made to this problem, has opened the way to a large number of administrative problems which he has not envisaged. The Minister of Finance has suggested that he has not had any representations on this matter of allowable deductions except on behalf of construction workers.

I quite agree with him that the Canadian Labour Congress has made a major point of

this question of construction workers, because it was a problem which had arisen as a result of this bulletin of the Department of National Revenue. But when he says he has not received any other representations at all, I do not know whether or not he is referring to the situation as far as the Department of Finance is concerned only since he took office. I do know, however, that I have in my hand a letter dated December 9 of this year addressed to him from what is known in British Columbia as the loggers' local of the international woodworkers of America.

Mr. Donald Fleming,
Minister of Finance,
Parliament Buildings,
Ottawa, Ontario.
Dear Sir:

This is a copy of a letter which is addressed to the minister, copies of which were sent to me and some other people. The body of the letter states in part:

Based on press releases, it is my understanding that you proposed amendments to the Income Tax Act, to provide that construction workers will be entitled to use expenditures of transportation and board costs away from home as deductible from taxable earnings. It is also my understanding that legislation for this provision will be introduced in the near future and become effective for application on earnings during 1957.

We welcome this proposed change, as we have endeavoured for quite some time to get this type of legislation. However, we regret that it does not cover loggers who have identical problems. We have, over a period of years, made presentations to the federal government for this type of legislation, and in order to obtain support on this problem, our submissions have included requests for all workers with this type of problem.

I think that makes it clear that as far as the loggers are concerned they recognize the justice of the claim of the construction workers.

Mr. Fleming: What is the date of the letter my hon. friend read?

Mr. Barnett: December 9, 1957.

Mr. Fleming: I have not seen the original letter yet.

Mr. Barnett: I realize it is possible that this particular letter may not have come to the attention of the minister but I think he will have noted from the context as I read it that this particular local of the international woodworkers has made representations to the government, according to their statement, over a period of years. I might explain to the minister that this particular local which is known colloquially in British Columbia as the "loggers local" is the organization which represents the workers in the scattered logging camps along the coast of British Columbia from Vancouver to the Alaska border and because of the fact it is predominantly a loggers local it can be considered the spokesman of the loggers in the entire logging industry of British Columbia and Alberta. This is not a new problem at all nor one which has not had prior consideration within the Department of Finance.

I am going to turn for a few minutes to the debate which took place in this house last April when we were discussing the Income Tax Act. Following an extended discussion on the subject dealt with in clause 1 of this bill, as found at page 3035 of *Hansard* of April 3 last, I referred to statements that had been made by the then minister of finance and I said:

For some of the things the minister said I am inclined to hope that this may be a case of things having to get worse before they can get better.

I was referring to the minister's refusal to deal with the problem of bulletin No. 10. I suppose one could say that things are perhaps a little better at this moment than they were then as far as the stated intention of the government is concerned. I then went on to say:

I made reference to this matter in my budget speech. I said I thought this bulletin which is under discussion was extending the discrimination that I have been attempting to draw to the attention of the minister at the budget stage for the last several sessions.

I welcome the statement which the minister has made in part, because up until this year the only thing I have been able to get in the way of an answer from the opposite side of the house has been a few inconclusive words from the minister's parliamentary assistant on this subject. The one point to which I want to make reference, seeing that the discussion has gone this far, is this.

I agree in part with what the minister has been saying, namely that this problem is not something which is unique to the construction industry. As far as I am concerned, it applies equally, and as seriously, for example to the logging industry. In my opinion from the study I have made of the matter over the past several sessions, this whole question can be resolved only by a suitable amendment to the Income Tax Act—

Well, we now have an amendment to the Income Tax Act but the question as to whether it is a suitable one is open to debate. I went on to say:

—one that will remove what to me is a discrimination that now exists against the expenses that are incurred by those on wages and salaries in the course of earning a living.

As I said, I was referring at that time to some of the remarks that were made by the then minister of finance. I think I should point out that Mr. Harris made remarks which certainly should have come to the attention of the present minister if he has been giving any consideration to this problem. It will be found on page 3025 of *Hansard* of April 3, 1957, that Mr. Harris had this to say:

There is no question but that the construction industry is unusual in this field, yet it is not wholly

unique. There are other industries in which allowances for board and lodging are given.

Later, on the same page, he said:

We have been doing our best to find a rule which would tax every one with the same kind of income unless there was a real case to be made for an exception. I think all hon. members of the committee would agree with me on that score, namely that if there are exceptions—if I am being taxed for one thing that some hon. gentleman opposite is not being taxed for—there must be great justification for that exception to be made.

Later, on the same page, he went on to say:

We want to see that all other workers who are in about the same kind of situation will have their cases considered on their merits and we will be able to know where to draw the line with respect to the exemption, whether it should be drawn just at the construction workers or whether it should be extended beyond that.

On page 3028 he continued with remarks to the effect that he thought it was clear that he had no fixed idea on this matter but, however, he did want a consistent tax law.

Some of us were inclined at that time to say, "All right, let us have a little more patience about this question and be prepared to wait a little longer so that we can have a consistent tax law." I suggest that we have now waited for some months and while it is perfectly true that there has been a change of government and that we have a new Minister of Finance nevertheless I think it is apparent from those remarks made by the previous minister of finance that this is something which has not suddenly come under review within the Department of Finance and I can see no real reason why the present minister should not have been able to proceed to bring in a proposal that would have been equitable as far as all the working people of Canada are concerned.

It is interesting, of course, to discover that apparently our present Minister of Finance is able to put forward one point of view in one particular situation in one place and to put forward a rather different point of view when he is speaking to a different audience on some occasions. I have in my hand a copy of the Ottawa *Citizen* of December 10 and on page 3 there is a story which is headed, "Fleming Blasts U.S. Subsidiaries Lacking Canadian Shareholders". The story goes on at some length to describe the remarks made by the minister to the audience to which he was speaking on that occasion. However, farther down in the article it is reported that the Minister of Finance:

Slightly changing the topic he suggested a few simple thoughts—

Well, I have heard it suggested on occasion—

[Mr. Barnett.]

The Acting Chairman (Mr. Rea): Order. May I remind the hon. member that we are on Bill 232 and I hope his remarks are going to come within the subject matter of this bill. I have been waiting to hear just how they are related to it but at the moment the Chair does not see in what way they are related.

Mr. Barnett: I assure you, Mr. Chairman, that I made reference to the headline of this article purely for the purpose of allowing the Minister of Finance to identify it. What I am about to refer to is directly related to the topic under discussion, as I see it. The paper reports with respect to the Minister of Finance:

Slightly changing the topic he suggested a few simple thoughts for ways in which tax laws should be devised, framed, interpreted and applied.

Then it lists under nine points the ways in which the Minister of Finance thought this would be done. Point No. 5, as reported in the paper, is this:

Taxes ought as a rule to be general in their application. The legislator should avoid discriminatory provisions.

When the Minister of Finance was making that statement he was, in effect, agreeing with some of the statements made in this chamber last year by his predecessor when we were discussing the point that we have under consideration in this clause of Bill No. 232.

Earlier in my remarks I made reference to the fact that, having looked into the matter for several sessions, I had come to the conclusion that the problem with which we are dealing can be dealt with only by a suitable amendment to section 5 of the Income Tax Act. Well, we have before us in the committee today a proposal for an addition to section 5 of the Income Tax Act but, Mr. Chairman, in my opinion this is not a suitable amendment to the Income Tax Act because it is discriminatory and restrictive in its application. While, as I said earlier, it may be something that is welcomed by the construction workers at this time, nevertheless I am quite sure that they would be quite happy to see it applied to all other workers who find themselves in similar situations. Therefore, I should like to move:

That clause 1 be amended by deleting therefrom the word "construction" where it appears in lines 6, 12 and 13 on page 1, and in line 4 on page 2.

The clause as amended would then read:

(2) Notwithstanding subsection (1), in computing the income of a taxpayer for a taxation year from an office or employment, where the taxpayer was, during the year, employed as a worker, there shall not be included

(a) the value of, or an allowance (not in excess of a reasonable amount) in respect of expenses incurred by him for, board and lodging, received by him.

(i) in respect of, in the course of or by virtue his employment as a worker at a site from which, by reason of distance from the place where he maintained a self-contained domestic establishment (hereinafter in this subsection referred to as his "ordinary place of residence") in which he resided and actually supported a spouse or a person dependent upon him for support and connected with him by blood relationship, marriage or adoption, he could not reasonably be expected to return daily to his ordinary place of residence, and

(ii) in respect of a period while he was required by his duties to be away, for a period of not less than 36 hours, from his ordinary place of residence; or

(b) the value of, or an allowance (not in excess of a reasonable amount) in respect of expenses incurred by him for, transportation between his ordinary place of residence and the site referred to in subparagraph (i) of paragraph (a), received by him

(i) in respect of, in the course of or by virtue of his employment described in subparagraph (i) of paragraph (a), and

(ii) in respect of a period described in subparagraph (ii) of paragraph (a), during which he received board and lodging, or a reasonable allowance in respect of expenses incurred by him for board and lodging from his employer.

The Acting Chairman (Mr. Rea): Order. On this amendment I want to point out that May, 16th edition, at page 554 says:

An amendment is out of order if it is irrelevant to the subject matter or beyond the scope of the bill.

The explanatory note of the bill reads:

This new subsection provides that a person employed as a construction worker at a construction site from which he cannot reasonably be expected to return daily to his ordinary place of residence where he maintains a home in which he lives with his wife or other dependant shall not be required to include in income the value of free board and lodging furnished during the period of necessary absence or free transportation furnished to or from the construction site, or a reasonable allowance paid to him to cover expenses of such board and lodging or transportation.

Now, it is strictly for the construction workers, and after reading the citation from May, at page 554, the Chair must rule the amendment is out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, have you taken into consideration citation 502 of Beauchesne's 3rd edition, which reads:

A private member may move that certain specified taxes be readjusted and that the scope of tax exemptions be enlarged.

I suggest, sir, for your consideration the question whether my hon. friend's amendment is not a request that the scope of the exemption proposed by the government be enlarged.

The Acting Chairman (Mr. Rea): I might also point out to the hon. member for Winnipeg North Centre citation 344 of Beauchesne's 3rd edition:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

This, in the opinion of the Chair, is enlarging the scope of the bill and therefore the Chair must rule the amendment out of order.

Mr. McIvor: Mr. Chairman, I have sense enough to know that I am not able to say anything that would make the minister change his bill now, but I think he will take into consideration every suggestion that has been made. Since he wants to get away in a few minutes to bid farewell to his family, I say pass the bill and get it out of sight.

Mr. Christian: I will not take up much of the time of the committee, but I do wish to say this. Since the words "construction worker" have not been defined in the bill, that in itself will lead to a lot of confusion and dissatisfaction. I have two questions to ask the Minister of Finance. Why were not the words "construction worker" defined in this bill? Would a carpenter who goes from one logging camp to another to do carpentry work come within the definition of a construction worker?

Mr. Fleming: Mr. Chairman, I think the answer to the second question is very clearly yes, he would be a construction worker under the conditions described by my hon. friend. As for asking for a statutory definition, I think we can leave the application of the words of this clause to the Department of National Revenue. It seems to me it is not a case for spelling out in detail lengthy definitions in this legislation. My hon. friend recalls that one of the purposes of the Income Tax Act when it was first introduced to replace the old income war tax act was to get away from the principle of a multiplicity of statutory definitions, many of which had given rise to a great deal of litigation in the courts.

(*Translation*):

Mr. Villeneuve (Roberval): Mr. Chairman, the phraseology and the general pattern of section 1 of this bill to amend the Income Tax Act are somewhat of a surprise to me. Indeed when I read the proposed subsection 2 of section 5 of the act, describing the class of workers who are to be allowed board, lodging and transportation expenses after an absence of more than 36 hours, I cannot help pointing out to the hon. Minister of Finance (Mr. Fleming) that this is too restrictive a clause.

You see, construction workers employed at a construction site make up a limited class of workers, especially in the riding I represent; in point of fact, it is a class which includes very few individuals.

In my opinion, the case of loggers and mine workers should have been particularly provided for.

About 50 per cent of workers in my riding have to go out and work in bush camps in the winter time. They often have to work 50, 75 and even 100 miles away from home, yet they are by no means provided for in section 1 of this bill.

Not far from my constituency there is at this time a very important project under way. The Aluminum Company of Canada is building a huge dam at des Passes falls employing for this purpose three to four thousand workers. About 90 per cent of these men have to live on the spot, travelling home only occasionally. I am sorry that they are not covered by this clause. I am certainly not surprised at the apparent generosity shown towards the end of that particular clause, which provides that the workers involved may be exempted for the year 1957. When I say I am not surprised, I mean that the number of workers thus exempt will be so small that the government can well afford to show itself very generous in this regard. It gives colour to the government's purpose, pretending to be granting a tax exemption whereas, in fact, all this is a mere show of words, a sham exemption wrapped up in involved phraseology.

I wish to go on record as protesting against that restrictive definition which discriminates against a large number of other categories of workers who would also have deserved to be tax exempt as regards food, board and transportation.

(*Text*):

Mr. Fisher: Mr. Chairman, I should like to ask the minister several questions, one having to do with interpretation has already been brought up. In logging and especially in the pulp and paper industry there is a great deal of construction work involved and you cannot say that it is of a temporary nature because the whole course of the operation is towards permanency. I can think of actual highways that have been built. Some of our companies have constructed 200 to 300 miles of highways. For example, Marathon Corporation usually plans to construct up to 17 miles of highway a year and a number of bridges. So far as water works are concerned, they construct sluices, flumes, skidways and things like that which are permanent. If the company were to set up its bookkeeping operations in a suitable way, would it be possible to allow men detailed to that kind of work to have, instead of paying board and room, some adjustment of their wages to cover expenses in order that they may qualify under the construction clause of the act? That is my first question.

Second, the minister seemed to suggest that no studies have been made in relation to woods workers. I would remind him of an answer that was given to me and which can be found on page 938 of *Hansard*. I asked the following questions:

> Have any officials of the government made any studies and/or reports on the application and the possible effects of the extension of the expense deductions given to transport employees under subsection 7, section 11 of the Income Tax Act, to workers in either the woods or construction industry or both?

The answer was "yes". I realize that this is a slightly different section but I would infer from this that studies have been made with regard to woods workers. I should like to know the meaning of the statement the minister made in relation to that answer.

The third question I should like to ask has to do with the point the minister brought up about representation and strength of representation. I am sure we can all agree that when there is what one might call strong lobbying it is bound to bring something to the attention of the government, but just because the loggers and the bush workers have not been strong or vocal enough in presenting their case, whereas the railway workers and the construction workers have, surely should not mean that the one should have an advantage over the other when the similarities in their situations are so obvious. I should like to ask the minister whether he feels that strength of representation is more important than just the straight fairness of the position.

Mr. Fleming: Mr. Chairman, to the first question I would say at once that if the particular individual concerned is substantially engaged in construction he would certainly be regarded by the Department of National Revenue as a construction worker in the interpretation of this clause. I cannot think of a clearer case of a man who is a construction worker than someone who is engaged in road construction.

As to the second question and the written answer given in reply to my hon. friend's question as found at page 938 of *Hansard*, I draw his attention to the fact that his question was put this way:

> Have any officials of the government made any studies and/or reports on the application and the possible effects of the extension of the expense deductions given to transport employees under subsection 7, section 11 of the Income Tax Act, to workers in either the woods or construction industry or both?

The answer was "yes". If my hon. friend expected a separate answer with regard to

each of these categories he should have put his question in proper form for that purpose. The answer is quite correct because a study had been made with regard to construction workers, as my hon. friend can see.

On his third point, it is not a matter of the strength of the representation in terms of the number of those for whom the spokesman speaks. That is not the simple basis upon which the decision ought to be taken. It is a question of the equities and the fairness of the case that is put forward. What are the intrinsic merits of the case? In my view every case ought to be considered on its merits regardless of the number of those affected. If there is injustice to one or two people then, if the proposed expedient is sound, that should call for the exercise of a legislative remedy if the merits of the case justify it.

But the point I was making earlier was that the representations we received, and there were many of them, were all on behalf of workers engaged in construction. We made a study of that subject and we felt there was a good case. We saw and can still see administrative difficulties involved. I hope that no hon. member thinks that we underestimate the administrative difficulties that may be involved. But we thought that there was a good case there on its intrinsic merits and that we should ask the house to deal with that case.

Since I became minister we have not received any representations on behalf of other groups. What I tried to convey in my opening remarks on this clause was that every case would have to be considered and studied very carefully on its merits. Certainly I would not be in a position today to say that any other particular group should have similar legislative consideration extended to it.

We are prepared to look at any such case and assess it on its intrinsic merits. But here today, in the absence of such thorough-going study, I do not think my hon. friend would expect a snap decision or a commitment to be given by the Minister of Finance.

Mr. Fisher: Further to the answers that were given, may I say this. I have no desire to score on the minister and I am sure he has no desire to score on me in reference to the answer I read in *Hansard*. But it just points up the fact that the "yes" which I thought was all embracing only partially covered the question. I will see that in future my questions are more specific. But on the point of definition may I ask this question. If, as I plan to do as a result of the minister's remarks, I write to the pulp and paper companies in the region in which I am interested and inform them of the gist of the minister's statement and advise them to set up matters so that when people are on specific construction jobs the evidence of that fact will be very clear, would the minister see anything out of order in that or anything out of principle?

Mr. Fleming: It will be a matter to be decided in each individual case as to whether the particular taxpayer is a construction worker within the meaning of the clause; and that will be a matter of proof by evidence.

Mr. Ellis: There are a number of questions I should like to ask arising out of the minister's statement that the details would be left to the department officials to interpret. In view of the discussion we had in the house in the early part of April with regard to this matter, there are several things that I should like to clear up. The minister will recall that a great deal of the argument revolved around the question of whether a construction worker was a permanent employee or a temporary employee, and the former minister of finance argued that if a construction worker was not employed on a year round basis he would under no circumstances be able to claim exemption. I should like to ask the present minister whether any distinction is being made under this amendment as between temporary employees and permanent employees. In other words, if a construction worker takes a job with a firm which lasts through the winter months, just because that firm is not in a position to guarantee that he will be carried on the payroll throughout the following summer or the following winter, is this construction worker on that account going to be denied exemption under the present amendment?

Mr. Fleming: I think the answer to my hon. friend's question was given by me earlier in reply to an earlier question. Let us take the case of the permanent employee. The case was given earlier of an engineer who goes about on behalf of a construction firm engaged in overseeing construction projects. If that man is a permanent employee and is travelling on behalf of his employer I think you will find that in every case his travelling expenses are covered by his employer. There is no problem with regard to him. But let us take the case of that firm or that engineer hiring persons to go out on a particular job, we will say for a month, two months, three months or four months. That latter is the man on whose behalf this particular clause is introduced. As long as he receives that allowance for board and lodging within the terms of this clause, in his capacity as a construction worker, from his employer he will, in respect of that allowance so received by him, now receive exemption under this clause.

Mr. Ellis: The other question has to do again with an interpretation placed on this matter by the former minister of finance and which seemed to indicate that if a group of employees, in a desire to maintain employment for themselves during the winter months, were required to leave their normal place of residence in order to get work they would not be considered as employees entitled to exemption by virtue of the fact that they were not employed by a particular firm and were not travelling to the new place of employment on the orders of the company. My question is this. If during the winter months a group of carpenters find that there is no work in their own locality and if on their own, in order to maintain employment, in order to maintain their household in their normal place of residence, leave their home to take employment elsewhere, will they be entitled to the exemptions under this bill before us?

Mr. Fleming: I think it is clear from the clause that the worker in question, if he leaves home on his own in search of employment is in this position. We will say he goes from Ottawa to Aylmer in search of employment in the construction industry. The expense incurred by him in that respect does not come within the terms of this clause. But if, on obtaining employment in Aylmer, the nature of his employment is such as to bring him within the terms of the clause, then he will receive the benefit of the clause. In other words, every case has to be dealt with on its own facts. But if I correctly apprehend the example given by my hon. friend, namely, the man who goes away from home in search of work, if there is no more than that to the case it is not covered.

Mr. Ellis: The reason I asked the question is this. There are a number of workers in my own constituency who find work slack during the winter months. They are tradesmen. If they find that they can get employment in some other locality they leave. They cannot move their families; they cannot uproot their families and move to a new community on a temporary basis. Knowing that there is employment, or having good reason to believe that they can get employment in some neighbouring community, they leave and get work for a number of months. The thing I am concerned about is this. Just because they do not work for a particular construction company and travel to the new job on the orders or as employees of that company, I do not think they should be denied this exemption. I still feel that the workers in question should be entitled to deduct their expenses just as would the employees who work for a particular company and who move on instructions of the employer.

[Mr. Fleming.]

I have tried to make my point quite clear. As I say, it stems from the rather categorical statement made last year when we discussed this matter in the house by the then minister of finance, who argued point blank that if these people went on their own, unless they were ordered to do so by their employers they were not entitled to any consideration.

Mr. Fleming: My hon. friend will recall that this clause applies to allowances in respect of board and lodging or something equivalent paid by the employer to the employee. Obviously, in the case cited by my hon. friend the individual concerned is not receiving payment from the employer.

Mr. Ellis: That is the very point I was trying to lead up, namely the manner in which this amendment is limited. It is not a question of giving consideration to construction workers who must leave their normal place of residence. There are laid down in the amendment conditions which will deny to many construction and other workers who must leave their homes in order to provide their families with a pay cheque any benefit under the section which we are now considering. That was my point in bringing this matter to the attention of the minister. I feel that the section is not broad enough. Notwithstanding the worthy objectives outlined by the minister, there are still in my own constituency many who are not going to obtain any benefit at all under the provisions of this bill, even though, in order to provide for the needs of their families, they find it necessary to leave their normal place of residence.

The Acting Chairman (Mr. Rea): Shall clause 1 carry?

Mr. Campbell (The Battlefords): I should like to put one more question to the minister. Let us take the case of a group of, we will say, woodsmen, working for a pulp and paper company and engaged in the operation of cutting down pulpwood and so on. Suppose the pulp and paper mill decide they want to build a road and take a group of these men from the logging operation and put them at constructing a road. They clear a right of way for the road and probably work on it for one, two, three or four months or even a year or so on that kind of work. Where would it put them if they were allowed benefits for that time and then when they went back to their old jobs.

Mr. Fleming: I think in a case like that, the Department of National Revenue would have to examine the question very closely to see whether in essence, having regard to all the circumstances, the man is substantially a construction worker.

Mr. Hahn: I would like to raise one question on subsection (b) of clause 1. I note there it says:

The value of, or an allowance (not in excess of a reasonable amount)—

My question is, firstly, who decides the mode of transportation; is it the employee or the employer. Secondly, what is considered a reasonable amount? For example, how is it determined whether one should travel by air, by car or by bus and so on?

Mr. Fleming: Mr. Chairman, I do not think I can lay down any hard and fast categorical rule as to the particular mode of transportation to be used. I suppose, if in any case a dispute arose as to whether an allowance had been extravagant, it would be necessary for the department to examine the allowance made for transportation as compared with the cost of transportation available to the worker in the circumstances and if it were to appear that the amount was in excess of what was the fare required in any acceptable and normal form of transportation then a question might be raised about it.

However, I think it is most unlikely that any serious problem will arise in determining a reasonable allowance for that purpose. If a man were, we will say, to hire a motor car or to use his own car and charge up at the rate of 50 cents a mile instead of the normal and usual charge made by employees of say nine or ten cents a mile, then that would be regarded as unreasonable and as an obvious attempt to pad. It is a question to be determined in every case in the light of all the circumstances.

Mr. Hahn: What I had in mind was whether the employee or the employer decides the method of transportation. For instance, if an employer says a man should be transferred from a job in the Kitimat area to one at Stewart for example, which is just a straight case of using such methods of transportation as are available—it might be transport by boat from one place to another and if the time element entered the picture it might be air—will the decision depend upon the method determined by the employer or will it be the one the employee chooses to take in the circumstances?

Mr. Fleming: This is not a new type of legislation, Mr. Chairman. The Department of National Revenue is dealing with these cases with respect to transportation allowances all the time and there will be no more difficulty in interpreting and applying this clause than there has been in the thousands of cases with which the department is now dealing.

Mr. Barnett: Mr. Chairman, I would like to direct a question to the minister in clarification of a point raised by the hon. member for Regina City with respect to this matter of travelling expenses. As I read the clause, on the question of travelling expenses one has to refer to subclause (a) (i) which says in part:

—in the course or by virtue of his employment as a construction worker—

Now I think a question does arise there in view of what the minister has said about not going along with the suggestion made by the hon. member for Regina City as to what is going to be the interpretation of the point at which employment commences.

I would phrase my question in this way: If a construction worker is referred by the officers of the national employment service to do a job and the situation is such that there is no local hiring agency or office of the construction company at the place from which he leaves and the formalities with respect to his employment are not completed until he actually arrives at this job, in that case may it not be considered that by virtue of his employment he would be entitled to his travelling expenses in going to the job.

Mr. Fleming: Not unless the employer provided an allowance for the worker in those circumstances as a term of his employment.

Mr. Barnett: Well does the minister mean to say that if it is not the practice of a particular employer—as is sometimes the case in the logging industry—to advance fares before a man leaves his home and that man has to pay his own way to the job and is not reimbursed by the company, he will not be entitled to this exemption?

Mr. Fleming: My friend's question takes us into an entirely new field, entirely new and quite outside the scope of the present clause. He is raising the whole question of the definition of expenses under section 11 of the act, expenses laid out for the purpose of earning income. Now that does not arise under this clause at all; this is a clause dealing with allowances by an employer to an employee and my friend's question does not arise here at all. It takes us into the interpretation of an entirely different section of the act.

I might say that section 11 was put in the act a long time ago and has been the subject of constant interpretation. It is a matter of determination in every case under section 11, whether an expense is incurred or an expenditure is laid out for the purpose of earning the income. If a man goes to another place to look for work, I think the department in that case is not going to treat his expenses as being laid out for the purpose

of earning the income. However, I must take the position that this question does not arise under this clause at all. We are entering a different field, a different part of the act entirely.

Mr. Barnett: Mr. Chairman, on this point, the provisions under section 11 of the act, as I have always been led to believe in the discussions raised on this point, are provisions for expense allowances which are allowed to certain categories of people, such as travelling salesmen etc. Those on wages and salaries have been specifically denied these provisions under section 11 of the act because of the provisions of section 5 and my understanding is that the only way in which those in receipt of income from wages and salaries can qualify for any of these deductions enjoyed by other people is, as I suggested earlier, for a suitable amendment to be made to section 5 of the act which is a limiting section. As I understand it, those whose incomes come from wages and salaries can only deduct expenses for certain specific things. Now I fail to see that the question I have raised is not relevant to the proposal that the minister is bringing forward to provide an exemption for certain additional expenses under section 5 of the act.

Mr. Fleming: Mr. Chairman, the opening words of section 5 state:

> Income for a taxation year from an office or employment is the salary, wages and other remuneration, including gratuities, received by the taxpayer in the year plus
> (a) the value of board, lodging and other benefits—

Of any kind whatsoever, and so on. The purpose of the amendment is to provide that in the cases defined by the clause now under debate the construction worker does not carry that allowance from the employer into his income upon which tax may be levied.

Mr. Johnston (Bow River): May I suggest to the Minister of Finance that the coal miners cannot carry that expenditure into their income tax either. Why should it be that just one certain branch of industry is allowed this exemption? Why should not other workers be entitled to the benefit of its provisions? In the mining industry it often happens that the owner of a mine will transfer some of his help to another mine under his ownership, yet the men concerned are not allowed to make this deduction. A particular case occurs to me where men employed in a mine in Evansburg were moved to Drumheller, still employed by the same company. I think this is a case quite parallel to the conditions under which construction workers are employed. Thus we find that one group of workers are penalized because they do not receive the concession granted to another group. It seems hardly fair that while we are giving this assistance to one group of people, another group should not be receiving it. I think this provision should be made sufficiently broad to cover all industries where a similar situation exists.

Mr. Fleming: I gather that the hon. member was not in the committee earlier this afternoon when we were reviewing this subject. There was an extended discussion of this point.

Mr. Barnett: As hon. members of the committee realize, when earlier today I proposed an amendment which would have met the point so laudably raised by the hon. member for Bow River, you, Mr. Chairman, ruled that the amendment was out of order. The question of order was mentioned by my colleague the hon. member for Winnipeg North Centre. Your Honour may have realized that it was partly because of the impending departure of the Minister of Finance that he did not deal with this point of order more extensively than he did, and I should like to say this: in view of all the discussion which has taken place on this question, and in view of suggestions which he made, and to which I myself referred earlier, that amendments to the tax laws should be non-discriminatory in their application, the minister could leave for Paris with a much clearer conscience and expect to have a much happier reception on his return to Canada if he would consider accepting the amendment which I proposed, and moving it himself before he leaves on this important mission.

Mr. Fleming: I assure the hon. member that if we do not get on with this section I will not be getting to Paris anyway.

Clause agreed to.

On clause 2—*Partial Dependency.*

Mr. Argue: Mr. Chairman, on clause 2, I think the increase in the allowable exemptions to dependents was a good move by the minister when he introduced his baby budget, but I do feel that it falls far short of the campaign promises which were made by the Conservative party. It seems to me that to implement their campaign promises would require a much larger exemption on account of dependent children, and for that reason we in this group are proposing at this time that the $250 exemption be increased to $500 for a child of family allowance age, and that the exemption of $500 should be increased to $750 for a child beyond family allowance age.

During the recent election campaign the Conservative party made much of its statement that the previous government had overtaxed the people by $500 million. Time and time again throughout the campaign the Prime Minister made the statement that the average family was being overtaxed by $120 a year, or $10 a month. He put this statement in another way when he said that every Canadian man, woman and child had had their pockets picked by $30. The proposal I am about to make would, if followed, result in the government meeting and carrying out its own campaign statements to the effect that the average family is overtaxed by $120.

I have here an example of an income tax payer who has an income of $4,000, and who has two dependants of family allowance age. Under the Harris budget, with a taxable income of $1,700, this taxpayer would pay $235 in the course of a full year. Under the proposal I am suggesting, increasing the allowance to $500, this taxpayer would pay $110, representing a saving of $125. This, as I say, is in line with the Prime Minister's statement during the election campaign and it goes a good deal beyond the tax relief granted by the Minister of Finance in his budget.

There is an overlying reason why I have advocated such an increase. I feel that the previous government made a very drastic mistake when they did nothing over many years to prevent family allowances losing their purchasing power, and I have calculated that to restore family allowances to the purchasing power they had when they first became effective in 1945 will take an increase of 64 per cent on the basis of the amount set at that time. Proposals for an increase along these lines were not accepted by the previous government and they are not being accepted by this government, and I feel the suggestion I am now making is a realistic alternative to the suggestion that we in this group have made for so many years that family allowances should be increased by 60 per cent over the 1945 rate in order to restore their purchasing power.

Because of this argument—the desirability of giving the income tax earner something which would provide him with some real measure of relief—I move:

That clause 2 be amended by deleting the figure "$250" from lines 19, 25 and 32, and by substituting therefor the figure "$500", and also by deleting the figure "$500" from lines 20, 26 and 32 and by substituting therefor the figure "$750".

The government said during the election campaign that the public of this country had been overtaxed by $500 million and yet the Minister of Finance in his budget—his peanut budget—said that the total tax relief would amount to $146 million. If you add to that the amount the government is increasing expenditures from the national treasury in other fields you still arrive at a total that is far short of the $500 million tax relief that was so clearly a commitment made by the present government in the election campaign to the people of Canada. The motion I have moved on behalf of this group is certainly in line with the promises of the Conservative party and is directed toward seeing that the government fulfils its own election promises.

The Acting Chairman (Mr. Rea): Is the house ready for the question?

Mr. Green: May I submit to Your Honour that this amendment is out of order. It would involve the expenditure of additional sums running, I believe, into approximately $150 million. Under the rules of the house it was never contemplated that a private member could put forward an amendment of this kind. It makes a farce of the financial responsibility of the government and if this practice is to be followed then we will in effect no longer have responsible government in Canada. I submit to Your Honour that this wrenches any ruling that was made yesterday completely out of all recognition and I would ask Your Honour to rule the amendment out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, despite the fact that I seem to have collected something of the voice of the hon. member for Coast-Capilano, I would be prepared if necessary to argue this point of order at length. I am satisfied, however, that it is not necessary to do so. In fact, I wondered when the Minister of Public Works got up where he was yesterday.

This amendment is on all fours with the amendment that was moved yesterday. Yesterday it was an amendment in committee to a taxation bill which had not been preceded by a ways and means resolution and it was an amendment that proposed a further reduction in a tax which the government was asking parliament to reduce. Today we have exactly the same thing. Today we have a taxation bill which was not preceded by a ways and means resolution in which the government is asking for a reduction in a certain tax. This amendment seeks a further reduction in that same tax.

The Minister of Public Works seems to have added some new words to his vocabulary since he moved across the way. He now says this would be a farce. May I say, Mr. Chairman, that if there is any farce so far as the proceedings in connection with this budget are concerned they relate to the failure of the government to precede taxation

measures with proper ways and means resolutions. I would like to take this opportunity, sir, of congratulating you on making a ruling at eight o'clock yesterday which was consistent with the ruling which Mr. Speaker made last Monday. I think everyone knows that I did not agree with the ruling which Mr. Speaker made on Monday but once he made it I accepted it and, having accepted it, my whole argument yesterday was that you, sir, should make a ruling consistent with the position that the Speaker took when he was in the chair and I do not think it is inappropriate for me to congratulate you on the ruling that you made and on its absolute consistency.

The Minister of Public Works said that if Your Honour did accept this amendment it would make a farce out of our financial proceedings. I say if there is any farce it is the government's own fault. I say to the Minister of Public Works, one who belongs to the Conservative party which a year ago wanted the rule of law to be preserved in this house, that he is asking Your Honour to make a farce out of procedure. He is urging you to make a ruling directly opposite to the ruling you made after due consideration at eight o'clock last evening. As I say, if hon. members on the government benches want to proceed with a procedural debate they can have it but relying on the consistency of the ruling that Your Honour made last night I do not think it is necessary.

Your Honour recognizes that I did not press the point with regard to the amendment that my colleague the hon. member for Comox-Alberni made to clause 1 of this bill. I must say I think Your Honour had a point in suggesting that perhaps there was something slightly irrelevant to what was before the committee in clause 1 but there is no irrelevance so far as this amendment to clause 2 is concerned. This amendment seeks to do exactly what was sought to be done by the amendment proposed yesterday, namely to ask for a reduction in a tax further to the reduction proposed by the government. All the citations we cited from May and the other authorities and the excellent citations you read from Campion all support the validity of the position you took yesterday, a position which I feel you have no alternative but to take again today.

I can see that the advantage of the ruling yesterday and the advantage of what is now happening may be that the government will not again make the mistake it made at this session in bringing in a budget without following the proper budget procedure but that is of their own making, even against our advice. In view of the present situation and in view of the ruling you made last night I trust you will make a proper and consistent ruling at this time and accept the amendment that has been moved on our behalf by my friend the hon. member for Assiniboia.

[Mr. Knowles (Winnipeg North Centre).]

The Acting Chairman (Mr. Rea): As all hon. members know, when this question arose yesterday I spent a considerable amount of time on it and went into every citation that was given and I gave my ruling last night. In looking at this amendment I still feel that this amendment seeks a reduction in taxes and therefore I will have to rule that it is in order.

Mr. Green: Mr. Chairman, with great respect I appeal your ruling.

Mr. Knowles (Winnipeg North Centre): I never thought I would hear that from my hon. friend.

Mr. Pickersgill: This is restoring the ancient glory of parliament, I suppose.

An hon. Member: You had better think that over.

Mr. Pickersgill: Boy, oh boy, the dictatorial mentality certainly develops quickly.

Mr. Knowles (Winnipeg North Centre): May I point out that this is not only Friday the 13th, it is a black Friday the 13th.

Mr. Pickersgill: Unlucky Friday.

The Acting Chairman (Mr. Rea): Order while the Clerk is writing out the appeal.

Shall I rise and report to the house?

Some hon. Members: Agreed.

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

Mr. Speaker, in committee of the whole, Bill No. 232, an act to amend the Income Tax Act, was being considered. Mr. Argue moved the following amendment:

"That clause 2 be amended by deleting the figure '$250' from lines 19, 25 and 32, and by substituting therefor the figure '$500', and also by deleting the figure '$500' from lines 20, 26 and 32 and by substituting therefor the figure '$750'."

Mr. Green raised a point of order to the effect that the amendment was out of order on the ground that it was not open to a private member to propose a reduction in a tax proposal submitted by the government. I ruled that, in my opinion, such an amendment was in order; whereupon Mr. Green appealed to the house from the ruling of the chair.

Mr. Speaker put the question as follows:

The question is the following. In committee of the whole, when Bill No. 232, an act to amend the Income Tax Act, was being considered, Mr. Argue moved the following amendment:

"That clause 2 be amended by deleting the figure '$250' from lines 19, 25 and 32, and by substituting therefor the figure '$500', and also by deleting the figure '$500' from lines 20, 26 and 32 and by substituting therefor the figure '$750'."

Mr. Green raised a point of order to the effect that the amendment was out of order on the ground that it was not open to a private member to propose a reduction in a tax proposal submitted by the government. The chairman ruled that in his opinion such an amendment was in order, whereupon Mr. Green appealed to the house from the ruling of the chair.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was not confirmed on the following division:

YEAS

Messrs:

Argue
Ashbourne
Barbes
Barnett
Batten
Blackmore
Boulanger
Bryce
Bryson
Byrne
Campbell (The Battlefords)
Caron
Castleden
Christian
Coldwell
Crestohl
Dechene
Dumas
Ellis
Fisher
Gardiner
Gauthier (Portneuf)
Gour
Habel
Hahn
Hansell
Holowach
Huffman
Irwin
Johnson (Kindersley)
Johnston (Bow River)
Kirk
Knowles (Winnipeg North Centre)
Leboe
Legare
Lesage
Lewry
Low
Macdonald (Vancouver-Kingsway)
McCullough
McIlraith
McIvor
McMillan
Martin (Timmins)
Nixon
Olson
Patterson
Peters
Pickersgill
Quelch
Raymond
Regier
Robichaud
St. Laurent (Quebec East)
Schulz
Stefura
Thompson (Edmonton-Strathcona)
Villeneuve (Roberval)
Yuill
Zaplitny—60.

NAYS

Messrs:

Aiken
Anderson
Arsenault
Baskin
Beech
Bell (Carleton)
Best
Brooks
Broome
Browne (St. John's West)
Campbell (Lambton-Kent)
Cardiff
Charlton
Chown
Coates
Courtemanche
Crouse
Diefenbaker
English
Fairclough, Mrs.
Fairfield
Fleming
Fulton
Green
Grills
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Harkness
Hees
Hodgson
Jones
Jorgenson
Jung
Kennedy
Kucherepa
Lambert
MacDonald (Antigonish-Guysborough)
Macdonald (Kings)
Macdonnell
MacEwan
MacLean
Macquarrie
MacRae
McCleave
McDonald (Hamilton South)
McGee
McGrath
McGregor
McPhillips
Maloney
Mandziuk
Monteith
Montgomery
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Pallett
Phillips
Ricard
Robinson
Rowe
Simpson
Small
Smith (Lincoln)
Smith (Simcoe North)
Stanton
Taylor
Villeneuve (Glengarry-Prescott)
Vivian
White
Wratten—72.

Mr. Speaker: I declare the appeal sustained and the chairman's ruling overruled.

And the house having resumed in committee:

On section 2—*Partial dependency.*

The Acting Chairman (Mr. Rea): Since the chairman's ruling has not been confirmed by the house, I must declare the amendment out of order. Shall clause 2 carry?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman,—

The Acting Chairman (Mr. Rea): It being five o'clock, I do now leave the chair.

Mr. Speaker: It being five o'clock the house will proceed to the consideration of private and public bills, the former having priority.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this may seem strange coming from me, and if I went too far it might seem a little irrelevant, but I would like to say a word with respect to this group of bills. Since all these bills are before us in the name of the hon. member for Spadina (Mr. Rea), out of respect for him and his stand a few minutes ago we are prepared to let them all pass without debate.

Bill No. 103, for the relief of Marguerite Downie Malo.—Mr. Rea.

Bill No. 104, for the relief of Irene Patricia Heffernan Brown.—Mr. Rea.

Bill No. 105, for the relief of Catherine Ann Naylor Couture.—Mr. Rea.

Bill No. 106, for the relief of Antonio Bucci.—Mr. Rea.

Bill No. 107, for the relief of Maurice Robert.—Mr. Rea.

Bill No. 108, for the relief of Frances Dorothy Denenberg Bloomfield.—Mr. Rea.

Bill No. 109, for the relief of Theodore Elbert Holtham.—Mr. Rea.

Bill No. 110, for the relief of Claude Murray Kirk.—Mr. Rea.

Private Bills—Divorce

Bill No. 111, for the relief of John Alfred Crease.—Mr. Rea.

Bill No. 112, for the relief of Catherine Rita Marian Laker.—Mr. Rea.

Bill No. 113, for the relief of Jacqueline Marchand Cote.—Mr. Rea.

Bill No. 114, for the relief of Pola Baron Brisebois.—Mr. Rea.

Bill No. 115, for the relief of Graziella Bernier Murray.—Mr. Rea.

Bill No. 116, for the relief of Claus Elstorpff.—Mr. Rea.

Bill No. 117, for the relief of Denis LeBlanc.—Mr. Rea.

Bill No. 118, for the relief of Patricia Mary Gorman Walsh.—Mr. Rea.

Bill No. 119, for the relief of Madeline Audrey Booth Hibbard.—Mr. Rea.

Bill No. 120, for the relief of Lily Sklar Titleman.—Mr. Rea.

Bill No. 121, for the relief of Alice Florence Chaisson Boychuk.—Mr. Rea.

Bill No. 122, for the relief of Cecile Chagnon Tremblay.—Mr. Rea.

Bill No. 123, for the relief of Roger Albert Bersier.—Mr. Rea.

Bill No. 124, for the relief of Herman Rayvals.—Mr. Rea.

Bill No. 125, for the relief of Helen Frances Knight Koomas.—Mr. Rea.

Bill No. 126, for the relief of Marie Cecile Philomene Gilberte Pregent Bouchard.—Mr. Rea.

Bill No. 127, for the relief of Joyce Eugenie Swanburg Millette.—Mr. Rea.

Bill No. 128, for the relief of Evelyn Mahaffy Major.—Mr. Rea.

Bill No. 129, for the relief of Ruth Mary Ledden Wallace.—Mr. Rea.

Bill No. 130, for the relief of Catherine Lammie Graham McLean.—Mr. Rea.

Bill No. 131, for the relief of Irene Tinkoff Goldmann.—Mr. Rea.

Bill No. 132, for the relief of Joseph Fishman.—Mr. Rea.

Bill No. 133, for the relief of Lucille Therrien Deguise.—Mr. Rea.

Bill No. 134, for the relief of Doris Rose May Cook Thomas.—Mr. Rea.

Bill No. 135, for the relief of Olive Clara Benson Pitman.—Mr. Rea.

Bill No. 136, for the relief of Mildred Irene Mitchell Gauthier.—Mr. Rea.

Bill No. 137, for the relief of Laurette Racine Pollender.—Mr. Rea.

Bill No. 138, for the relief of George Wilkinson Pridmore.—Mr. Rea.

Bill No. 139, for the relief of Kathleen Mary Hicks Rainville.—Mr. Rea.

Bill No. 140, for the relief of Violet June Bockus Good.—Mr. Rea.

Bill No. 141, for the relief of Ethel Rappaport Lomon.—Mr. Rea.

Bill No. 142, for the relief of William Newell.—Mr. Rea.

Bill No. 143, for the relief of Sally Ruth Pall Gold.—Mr. Rea.

Bill No. 144, for the relief of Nicholas Vlahos.—Mr. Rea.

Bill No. 145, for the relief of Stefan Weber.—Mr. Rea.

Bill No. 146, for the relief of Mary Russell Leclaire.—Mr. Rea.

Bill No. 147, for the relief of Joseph Roland Langevin.—Mr. Rea.

Bill No. 148, for the relief of Eileen Hannah Thomson Scott.—Mr. Rea.

Bill No. 149, for the relief of Miriam Jurist Stern.—Mr. Rea.

Bill No. 150, for the relief of Bernice Edith Knights Blake.—Mr. Rea.

Bill No. 151, for the relief of Michael Francis McTigue.—Mr. Rea.

Bill No. 152, for the relief of Zygmunt Habdank Bielinski.—Mr. Rea.

Bill No. 153, for the relief of Daphne Louisa Ruby Burrows Newland.—Mr. Rea.

Bill No. 154, for the relief of Reine Isabel Charles Bisson.—Mr. Rea.

Bill No. 155, for the relief of Elizabeth Cave Collyer DuBoyce.—Mr. Rea.

Bill No. 156, for the relief of Elvi Russak Urb.—Mr. Rea.

Bill No. 157, for the relief of Norma Rose Cohen Freeman.—Mr. Rea.

Bill No. 158, for the relief of Shirley Janet Whitton Ladds.—Mr. Rea.

Bill No. 159, for the relief of Venise Gosselin Hotte.—Mr. Rea.

Bill No. 160, for the relief of Bertha Wexler Azeman.—Mr. Rea.

Bill No. 161, for the relief of Emilia Shutko Suranow.—Mr. Rea.

Bill No. 162, for the relief of Amy Isabel Wonham Saunderson.—Mr. Rea.

Bill No. 163, for the relief of Marie Anna Eliza Labrecque Ladouceur.—Mr. Rea.

Bill No. 164, for the relief of Donald Stewart Walker.—Mr. Rea.

Bill No. 165, for the relief of John Joseph Sebaski.—Mr. Rea.

Bill No. 166, for the relief of Gwen Horne Segal.—Mr. Rea.

Private Bills

Bill No. 167, for the relief of Gwendolyn Alice Wilson Hermann.—Mr. Rea.

Bill No. 168, for the relief of Agnes Traiton Rathburn.—Mr. Rea.

Bill No. 172, for the relief of Loueisa Knutton Roberge.—Mr. Rea.

Bill No. 173, for the relief of Dorothy Miriam Skinner Stuckey.—Mr. Rea.

Bill No. 174, for the relief of Albert Renaud. —Mr. Rea.

Bill No. 175, for the relief of David St. Clair Wilson.—Mr. Rea.

Bill No. 176, for the relief of Omer Arthur Menard.—Mr. Rea.

Bill No. 177, for the relief of Dorothy Nettie Clarke Hay.—Mr. Rea.

Bill No. 178, for the relief of Frederick William Hovermann.—Mr. Rea.

Bill No. 179, for the relief of Bertha Viola Beatrice Good Malcolm.—Mr. Rea.

Bill No. 180, for the relief of Mabel Florence Adams Hadden.—Mr. Rea.

Bill No. 182, for the relief of Marie Marthe Moreau Roy.—Mr. Rea.

Bill No. 183, for the relief of Pierrette Picard Gagnon.—Mr. Rea.

Bill No. 184, for the relief of Marcelle Richard Deschambault.—Mr. Rea.

Bill No. 185, for the relief of Florence Irene Burness Williams.—Mr. Rea.

Bill No. 186, for the relief of Jean Paul Pelletier.—Mr. Rea.

Bill No. 187, for the relief of Mildred Mabel Desmarais Demers Joly.—Mr. Rea.

Bill No. 188, for the relief of Leonne Liane Andree Belanger Botham.—Mr. Rea.

Bill No. 189, for the relief of Shirley Alma Lawson Wilson.—Mr. Rea.

Bill No. 190, for the relief of Sarah Yampolsky Pinsky.—Mr. Rea.

Bill No. 191, for the relief of Karina Mercs Bunte.—Mr. Rea.

Bill No. 192, for the relief of William Garnet Mills.—Mr. Rea.

Bill No. 193, for the relief of Violet Pitman Proulx.—Mr. Rea.

Bill No. 195, respecting the St. Mary's River Bridge Company.—Mr. Nixon.

Bill No. 102, respecting Alaska-Yukon Pipelines Ltd.—Mr. Chown.

SECOND READINGS—SENATE BILLS

Bill No. 200, for the relief of Pierre Rothe. —Mr. Rea.

Bill No. 201, for the relief of Vasyl Dudka. —Mr. Rea.

Bill No. 202, for the relief of John Francis Bernard Deegan.—Mr. Rea.

Bill No. 203, for the relief of Jean Guy Joseph Desparois.—Mr. Rea.

Bill No. 204, for the relief of John Howard Cooper Thompson.—Mr. Rea.

Bill No. 205, for the relief of Romeo Raymond.—Mr. Rea.

Bill No. 206, for the relief of Annette Allard Huint.—Mr. Rea.

Bill No. 207, for the relief of Vera Dziedzic Volkman.—Mr. Rea.

Bill No. 208, for the relief of William Toulouse.—Mr. Rea.

Bill No. 209, for the relief of Frances Maud Mercer Barter.—Mr. Rea.

Bill No. 210, for the relief of Florence Bloomfield Cichella.—Mr. Rea.

Bill No. 211, for the relief of Carmen Baron Matucha.—Mr. Rea.

Bill No. 212, for the relief of Martine Rolland Badeaux.—Mr. Rea.

Bill No. 213, for the relief of Gertrude Laurence Delisle Laplante.—Mr. Rea.

Bill No. 214, for the relief of Viola Carmela Starnino Dizazzo.—Mr. Rea.

Bill No. 215, for the relief of Ludek Peter Rubina.—Mr. Rea.

Bill No. 216, for the relief of Bernhard Wilhelm Michael.—Mr. Rea.

Bill No. 217, for the relief of Paul-Emile Bedard.—Mr. Rea.

Bill No. 218, for the relief of Gordon Frank Skilling.—Mr. Rea.

Bill No. 219, for the relief of Michael Todascu.—Mr. Rea.

Bill No. 220, for the relief of Iris Dorothy Birks Yates.—Mr. Rea.

Bill No. 221, for the relief of Marion Gloria Ewart Balleine.—Mr. Rea.

Bill No. 222, for the relief of Yvonne Florence Kee Brien, otherwise known as Yvonne Florence Kee Durocher.—Mr. Rea.

Bill No. 223, for the relief of Christine Mary Mackay Leavitt.—Mr. Rea.

Bill No. 224, for the relief of William Lucien Proulx.—Mr. Rea.

Bill No. 225, for the relief of Lionel Houde. —Mr. Rea.

Bill No. 226, for the relief of Gilberte Henriette Marie Harchoux Vuillaume.—Mr. Rea.

Bill No. 227, for the relief of Catherine Maitland Moenting Johnstone.—Mr. Rea.

Bill No. 228, for the relief of Maria Torossi Chartrand.—Mr. Rea.

Bill No. 229, for the relief of Judith Sidney Browne Stein.—Mr. Rea.

Bill No. 230, for the relief of Florence Wedge Whitlock.—Mr. Rea.

Bill No. 233, for the relief of Jean-Baptiste Gagnon.—Mr. Rea.

Bill No. 234, for the relief of Christine Silverson Manchur.—Mr. Rea.

Bill No. 235, for the relief of Joseph Napoleon Leon Prosper Brault.—Mr. Rea.

Bill No. 236, for the relief of Kaarlo Kustaa Loikkanen.—Mr. Rea.

Mr. Speaker: By standing order these bills will now be referred to the standing committee on miscellaneous private bills.

INDUSTRIAL RELATIONS

PROVISION OF STATUTORY HOLIDAYS WITH PAY FOR EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 3, to provide for pay for statutory holidays for employees and pay for work performed on statutory holidays.

Some hon. Members: Explain.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, this is a bill which I have had the privilege of presenting to the house on previous occasions. I hope that it may fare better in this parliament than it has in the past. As a matter of fact, I have had the privilege of presenting from time to time two bills which are companions to each other, one calling for annual holidays with pay, and this one calling for statutory holidays with pay.

It was something of a satisfaction when the speech from the throne was read at the opening of this parliament to discover that the new government had taken notice of at least one of these matters and promised that provision would be made for a bill to provide annual holidays with pay. That, of course, is another matter, and one which is under debate under two other orders but, as I say, it is good to note that by bringing these matters before parliament from time to time some progress is made.

I confess that just now when I looked at the speech from the throne to find the reference to the labour legislation that was to be introduced I happened to glance at another paragraph in that speech. I am afraid I would be out of order if I read it now, but it is my view that this particular paragraph—the second paragraph in the speech from the throne—has been blacked out by what happened here a little while ago.

Some hon. Members: Order.

Mr. Knowles (Winnipeg North Centre): Who is calling order?

Mr. Speaker, it is readily recognized in this day and age that the time has come for workers in industry to have as a matter of right certain time off, not only annual vacations with pay but statutory holidays. Progress in this field in Canada has been very slow to date. As far as I can ascertain, only six provinces have any legislation regarding statutory holidays. Those six are Newfoundland, Nova Scotia, Manitoba, Saskatchewan, Alberta and British Columbia—two in the east and the four in the west. Even the legislation which these provinces have is in most instances not very advanced. In the case of Newfoundland and British Columbia, according to the latest information I have been able to obtain, all the legislation does is to state that certain days are public holidays. No provision is made in the legislation of these two provinces for overtime rates of pay for those who work on those holidays, or for pay as a matter of right on those holidays to those who are let off from their regular work.

In the other four provinces, Nova Scotia, Manitoba, Saskatchewan and Alberta, the legislation goes one step further inasmuch as provision is made for certain statutory holidays and for those who work on them to be paid at rates set out either in legislation or in regulations made under the legislation. These rates of pay vary. In most cases the legislation provides for overtime rates to a varying extent.

In only one of the six provinces I have just named does the legislation go all the way. That one province is Saskatchewan, where in the matter of statutory holidays there is, first of all, provision for such holidays to be observed; where there is, in the second place, provision for an overtime rate of pay for those who are required to work on statutory holidays; and in the third place provision that all employees who are entitled to these holidays get paid for them at their regular rate of pay, without having to work on those days.

Now, Mr. Speaker, the purpose of this legislation is to introduce that principle at the federal level. Everyone knows that labour legislation in this country is the subject of divided jurisdiction, that most of our workers come under provincial jurisdiction, leaving about 10 per cent of our workers under federal labour jurisdiction. Because of this situation it has been a matter of interest to those of us who follow these things that the federal authorities should take the lead so that this legislation should not only bring benefit to those workers who are under federal labour jurisdiction but in order that the provinces may be encouraged to follow suit.

In this instance, therefore, we are asking the federal government not just to do something which the provinces have done, because the provinces have not gone very far in this field; we are asking that the federal government should take the lead. Let it be perfectly clear that any law with regard to labour which the federal government may pass does not impose any legal obligation on the provinces. But it does have a moral effect in that the provinces feel that they have to pay some attention to it. It is on that basis that we are pressing this legislation now and placing it before the House of Commons.

Those who argue against this legislation—and I know what the arguments are because we have had this bill up before—contend sometimes that the federal government should not get too far ahead of the provinces. To me that argument seems so weak that it hardly calls for an answer although I have already answered it. Another argument used by those who would oppose this kind of legislation is that this is a matter to be left to collective bargaining. That is an argument we have had to meet all along the line as far as labour legislation is concerned. Everything, from hours of work, the number of days to be worked a week, wages, working conditions, everything on which labour has sought legislation has been met with the argument that this should be left to bargaining between employers and employees. In the early days it was not even collective bargaining, it was just a matter of leaving it to employers and employees, and in practical terms that meant leaving it to the employers.

Today we have reached the stage of collective bargaining and the tendency of those who are opposed to this kind of legislation is still to suggest that this should be left to machinery of this kind. We have had to face that argument in the House of Commons with regard to such matters as annual vacations with pay, yet this session there is not only my bill but a government bill on the order paper dealing with this matter. We have had to meet this same argument with regard to equal pay for equal work; we have had to meet it with regard to fair employment practices; we had to meet it a number of years ago with regard to the protection of pension rights. I remember raising this matter, seemingly times without number, and being told by the late Humphrey Mitchell and others that this was not a matter concerning which we should seek to enact legislation. But, ultimately, the house did enact legislation protecting pension rights against loss due to strikes or lockouts, along the lines I had proposed.

And so, step by step, it has been recognized that there are certain rules of the game, certain labour practices, which in all fairness should be regulated by legislation. There is no doubt in my mind but that sooner or later this one will be recognized as other matters have been so recognized. My plea is that it be sooner rather than later and so I present this bill to the house. As I say, it is the same bill that has been presented on previous occasions. It proposes that all the workers who come under federal labour jurisdiction shall be given certain holidays off work with full pay, those holidays being New Year's day, Good Friday, Victoria day, July 1, Labour day, Thanksgiving day, Remembrance day and Christmas day.

I might point out that these are the holidays that are observed for the most part in all parts of this country. There are some holidays that are observed only in certain areas such as the civic holiday that we observe in some areas on the first Monday in August and then there are holidays like St. Jean Baptiste day that are observed in the province of Quebec. My bill provides for a minimum of eight statutory holidays a year with pay leaving it to the possibility of provincial legislation extending it to some of those holidays that are observed locally if this is desired.

May I point out that my bill of necessity is one containing quite a few details. That is what devolves upon one when he presents a bill rather than a resolution. In a resolution one can ask for consideration of a general proposition and not have to take the responsibility of spelling out the details but these resolutions that state general propositions seem to take much longer to reach the statute books than an actual bill. It is also true that by means of a bill one can get debate in this hour from five to six that cannot be had in the case of resolutions. Nevertheless, Mr. Speaker, I urge upon hon. members to realize that when we are dealing with the second reading of a bill we are dealing with its principle.

Now, if there are some details of the bill that some hon. members think go a little too far, or not far enough, or which they think should be changed, let it be clear that those changes could be considered and effected in the industrial relations committee to which, after second reading, I would move that this bill be referred. For example, I am sure there will be differences of opinion in this house as to the rate of overtime pay to be provided for those who are required to work on statutory holidays so as to keep essential services in operation. The rate I suggest is in the bill. At this moment I refrain even from mentioning it although I suppose I should not because it is a detail in one of the clauses but my main reason for refraining from mentioning it is to urge that hon. members not

oppose the bill because they consider that this particular rate is too high or too low. That is one of the details that could be considered, discussed and amended if necessary in the committee. What is before us at this time on second reading is not the details of the bill but the broad general principle and that broad general principle is one that the Canadian Labour Congress has placed before the government in its submissions in October. It is a principle which I believe commends itself generally to members of this house and I hope the house will approve it. That principle is a very simple one, that the workers of this country who come under federal labour jurisdiction should be granted by legislation of this parliament at least eight statutory holidays a year with pay. I urge the house to adopt this bill.

Mr. R. H. Small (Danforth): Mr. Speaker, I do not think there will be much disagreement with the principle of this bill as outlined by the hon. member for Winnipeg North Centre with regard to the granting of eight statutory holidays a year with pay to those who come under federal labour jurisdiction. It has been admitted by the hon. member who introduced the bill that there is a certain conflict of jurisdiction, perhaps an overlapping, between the governments of the provinces and the federal government but I think if one surveys the pertinent legislation on the statute books of the provinces from coast to coast one will find that the bill proposed by the hon. member does not interfere to any significant degree with the broad general principle laid down in this bill that there be at least eight statutory holidays in the year.

My personal feeling is that the suggested holidays are not spaced as well as they could be. In fact, I would go much further than the hon. member for Winnipeg North Centre (Mr. Knowles) who suggested eight statutory holidays and I would propose that we endeavour to arrange to have one statutory holiday occur in each month of the year.

At the present time we have one in January and then there is a hiatus until we come to Good Friday. Then we have Victoria day and Dominion day. Many municipalities hold a civic holiday on the first Monday in August. After that we have Labour day followed by Thanksgiving day. We have made a provision for Remembrance day to be observed as a statutory holiday although it is very seldom observed. Finally, in the last month of the year, we have Christmas day.

Perhaps it could be arranged to have a statutory holiday occur in February and St. Valentine's day would probably be acceptable to everyone as a suggestion. We could also arrange to have one in March and probably my good friend who sits smiling on the other side of the house would agree that there is a certain day in March that would be highly acceptable to Irishmen. I am thinking, of course, of St. Patrick's day the patron saint of the Irish. This would serve to place a holiday in each month with the exception of June and I do not think there would be much difficulty involved in selecting a suitable holiday in that month.

An hon. Member: The 10th.

Mr. Lesage: The 24th, St. Jean Baptiste day.

Mr. Small: Yes, probably everyone would be agreeable to accepting St. Jean Baptiste day and surely no one could disagree if we were to find a day in July to honour the other group of Irishmen, the Orangemen, and transfer the holiday from July 1 to July 12 in order that they might be included in the picture. The civic holiday in August to which I have already referred would serve to round out the picture as far as observing a holiday in every month of the year is concerned. I think both labour and management would be satisfied to accept the principle I have outlined.

In my working days there never was any difficulty in securing these holidays off from work. We were always given these holidays whether or not we had a union but although it was recognized that we would have these statutory holidays we experienced difficulty in getting paid for them. When it was decided that we should be paid for them the question arose as to what basis of pay we would receive. In the first instance we received normal pay, then time and a quarter, then time and a half, and finally double time. At present if a statutory holiday occurs while you are enjoying a regular vacation with pay and you are required to work on that day you receive normal pay plus double time and in effect you receive three days' pay for one day's work. Some workers regardless of how genuine their identification with the union is are quite eager to work on a holiday in those circumstances where they can receive three days' pay for one day's work. That is the picture of statutory holidays in this country in the future as I see it. If we work toward that end I think we will attain it.

There is also the problem that we found during the war. There was a considerable abuse of statutory holidays. The problem was this. When you gave a statutory holiday and they are paid for it they want to take the following day off to finish up the celebration, or probably the day before. Then a rule was brought in at the suggestion of

the union in an attempt to defeat absenteeism or prevent it. A rule was laid down that the employee would have to be at work the day before and the day after. There was not too much difficulty about it. When they got paid for the holiday I suppose they thought they could take one for themselves. When the war was on, absenteeism of that kind cut down production, and it was made part and parcel of the union agreement, and I think rightly so. Anyone who has had any dealings with the unions, as I have had for a good many years, knows that there has to be production in order to pay the wages. If we have a five-day week and a statutory holiday comes within that week, that reduces the week to four days, and if you have an employee who takes a holiday on his own, that cuts his week's work down to three days. That is all the work you will get out of him in that week. I think my good friend from Winnipeg North Centre would agree with me on that.

Paragraph (b) of section 2 reads:

"full time employee" means any employee who, in a week in which a statutory holiday occurs, works or is required to be at the disposal of his employer not less than 28 hours exclusive of overtime and any time the employee works or is required to be at the disposal of the employer on that holiday.

This paragraph can be interpreted in this way. The 28 hours that he has to work in a week could be four 7-hour days in that week, or it could be three 8-hour days and a half. If the latter were applied to statutory holidays it would defeat the purpose that the union had in mind that a man must work the day before or the day after. There is not too much trouble with that particular phase of it because most of the holidays are now arranged so that they come on Monday in order to give the employees a longer week-end. There is no difficulty with the day before the holiday. It is the day after that causes the difficulty. There has been quite a shemozzle over that one. If the employee does not turn up the day after he still thinks he should be paid for the holiday regardless of union agreement. An equitable arrangement was worked out whereby employees would be paid for the statutory holiday if they appeared the day after. In other words, if they appeared at nine or ten o'clock in the morning the day following, they would receive the same for the holiday. That was a compromise.

These are the difficulties that are encountered in ordinary industry, but probably they would not apply so much here with union employees because they are more or less on a contract basis and would turn up to work the next day. Nevertheless, industry as a whole has probably solved this. It is not what you might call a pressing problem with labour now because it is generally recognized by employers that employees get these statutory holidays and the other holidays such as Christmas day or New Year's day and probably July 1, which is Dominion day, would be problem ones. Those are movable holidays; they may come at the beginning, in the middle or at the end of the week. Holidays such as Good Friday create no difficulty whatever. Labour day is a holiday which comes on Monday and so does Thanksgiving day. The civic holiday in August is generally on a Monday. Therefore, what is involved here is the day after. There is no difficulty here. This bill is to take care of federal employees.

The hon. member for Winnipeg North Centre has advanced his arguments and is bringing this matter to the attention of those who work for the federal government. There are some difficulties involved in the arrangements for the taking of those holidays, and I have mentioned a very important one. It is going to create a certain amount of hardship in government work, and is something that should have been considered.

Industry all over the dominion has accepted the suggestions which have been put forward by the unions in this respect, but nurses and doctors who work in hospitals controlled by the government have no set time during which they shall work. They do not even have an 8-hour day. They are working on an extended program, and something along this line will be a Godsend to them. It is a very beneficial piece of legislation so far as they are concerned and will impose a further strain on the economy, whether it is the dominion government or the provincial government that is concerned because the hospitals are hard pressed now to get sufficient doctors and nurses.

If this bill becomes law, it will have a beneficial effect so far as they are concerned, there will have to be an arrangement under which they will get an 8-hour day and a 40-hour week in order to get the advantages which are long overdue. The hon. member for Winnipeg North Centre probably overlooked this. This is one of the benefits that will be derived from the statutory holidays, but it will also affect and be related to the 40-hour week.

There is also one other matter with regard to statutory holidays which is causing a little trouble in industry. When the statutory holiday falls on a Saturday the employees want Saturday to be considered as part of the week, and they want to get paid for that Saturday. Saturday has been a holiday down through the years. The employees have a 40-hour

week and therefore they do not get paid for Saturday when the holiday falls on that day. They have just lost it. One of the difficulties we find with a Saturday holiday and also a statutory holiday is that in our business, particularly, where we have to go on lots where there is a lot of car parking, we find that the only time we can get on is a Saturday or a statutory holiday because there are no cars on the lot at that time. That is the only time they will let you work there. You have to pay a man triple pay for a job that you find yourself legislated into because of the demands of the union.

Mr. Knowles (Winnipeg North Centre): Will the hon. member permit a question?

Mr. Small: Yes.

Mr. Knowles (Winnipeg North Centre): I wonder whether he is aware of the fact that the question he raises about Saturdays is covered in my bill?

Mr. Small: Yes, it is covered in the hon. member's bill, but the way it is going to work it is going to cause a problem to the small man in business. It is all right for the big industry or the firm that hires a considerable number of employees, but the small man has to try to meet the labour conditions he is encountering. I appreciate the fact that the hon. member has it in the bill but I think there is a most glaring omission with regard to one important group that should be covered. I refer to nurses and other employees of hospitals as well as doctors who do not have a 40-hour week or the benefit of statutory holidays. The bill would place a strain on the supply of nurses and doctors.

I bring up these things because the general purpose of the bill is admirable but, as I pointed out, there are certain things I should like to see added to it. There are certain employees who should be covered by it and provision should be made to take care of those who work in hospitals performing very hard and essential work which in most cases is not appreciated.

Mr. Knowles (Winnipeg North Centre): Those, of course, come under provincial jurisdiction.

Mr. Small: Sunnybrook hospital and all the other military hospitals come under federal jurisdiction. I think that the bill, having in mind the premise on which it is based, is a good and sound one but if these little things could be worked out I think it would make a better bill.

Mr. Knowles (Winnipeg North Centre): We can do that in committee.

[Mr. Small.]

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, the hon. member has left me just about enough time to say that I am in favour of the principle of the bill and if it should pass I should certainly like to see it go to the commitee on industrial relations for further study. I think the hon. member who has just taken his seat has probably strained his imagination more than the bill would strain the economy. His arguments are arguments I have heard many years ago, of course.

Mr. Small: You are still hearing them, too.

Mr. Byrne: I have heard the argument about the strain on the economy and the related arguments that employers use when discussing this question. But the hon. member has overlooked the fact that particularly when these matters are being negotiated between labour unions and employers they are in the final result written into an over-all package agreement that is the net result of negotiations. The principle of having pay for statutory holidays involves recognition of the fact that almost 100 per cent of those who are on wages and salaries do their budgeting from month to month and the fact statutory holidays may dislocate their budget has resulted in the wage bill being spread more evenly and including statutory holidays.

Again, the principle of punitive pay for statutory holidays is to prevent employers using the services of employees on a statutory holiday and while it is necessary for certain categories to remain at work the purpose is to ensure that no persons are required to work on a day considered to be either a religious or national holiday in order that they may be free to enjoy the holiday with the rest of their fellow citizens. The punitive aspect was introduced for that purpose.

The hon. member was concerned that the punitive measures might be too harsh when workers pay is doubled. If the pay is only doubled it simply means that the employer may work an employee on a statutory holiday and it costs him no more than to work him on any other day because he must pay him in any case for the statutory holiday should he remain at home. Therefore, to be consistent, double time or triple time are the only figures that may be used.

I have made some inquiries about legislation in the provinces. I find that in Saskatchewan this fact is recognized but they also provide there for the payment of double time and a half for certain employees who are not required to work because of the public service which they perform while those in performance of public service receive double time or straight time and a day off.

Mr. Small: If the work is urgent they do not mind the triple pay.

Mr. Byrne: No, I think triple time should be paid. I had much more to say in favour of the legislation but I would not want to talk it out so I will take my seat.

Mr. R. J. McCleave (Halifax): Mr. Speaker, I too should like to speak on the excellent bill introduced by the hon. member for Winnipeg North Centre (Mr. Knowles). I presume I now have 30 seconds left to speak on it before something happens and the house adjourns for supper. There is one point in the bill that I think should be looked into particularly by the hon. member when at some future time he brings it before the house. I refer to the obligation it places upon employees, that is, workingmen, to do certain things, that is, to be paid or in the alternative to face 30 days in jail or a fine of $200.

On motion of Mr. McCleave the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Green: On a question of privilege, last night I named the resolution preceding the bill to provide a loan to the province of New Brunswick as being called for today. It is not the intention of the government to go ahead with that today and I thought hon. members would like to know.

Mr. Knowles (Winnipeg North Centre): Will we be going on with the income tax bill at eight o'clock?

Mr. Green: Yes.

Mr. Knowles (Winnipeg North Centre): May we inquire who will be piloting it tonight?

Mr. Green: The Minister of Finance.

Mr. Speaker: The hour for private and public bills having expired, the house will revert to the business which was interrupted at five o'clock.

INCOME TAX ACT

The house resumed consideration in committee of Bill No. 232, to amend the Income Tax Act—Mr. Fleming—Mr. Courtemanche in the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Knowles (Winnipeg North Centre): In view of the fact that we were denied the opportunity to test the committee by a vote on our contention as to what should be done with regard to these exemption levels, may I ask the minister if he will make a statement as to the consideration given to this matter by the government? Does he think that $250 is a sufficient exemption level for a child of school age in this day? Does he think that $500 is a sufficient exemption level for children 16 years and over, particularly when they are attending college or university? Is he prepared even now to suggest to the committee that these figures might be raised? After all, by the provision of the last subsection in this clause these changes do not become effective until the calendar year 1958. If that is the case, that they are put off until next year, would it not be possible to raise these figures to higher levels than those suggested in clause 2?

Mr. Fleming: My hon. friend has asked me about the consideration that has been given to this matter. I can tell him that very careful consideration was given to the increase that the government is proposing in this clause in the amount of exemptions for dependents. I point out that the figure $150 for every child qualified for the family allowance has been in effect now for some years and the increase of $100 in that exemption which has been proposed by the government represents an increase of 66⅔ per cent in the existing exemption. In the case of dependents not eligible for the family allowance the government is proposing an increase from $400 to $500 in the exemption. The exemption of $400 has been in effect now for a good many years and the increase that the government is here proposing is an increase of 25 per cent in that exemption.

I have already informed the house that the cost to the treasury in loss of revenue by the flat increase of $100 for all dependents is $60 million per year. The fact is that looking at all our commitments and the budget requirements, it is the opinion of the government that this is as far as we can go in this direction under existing circumstances. It may be pleasant to conjecture what we might like to do in the way of increased exemptions. But the fact of the matter is that we have substantial other commitments.

I come back to the point that I have already stressed several times, namely that the government, coming into office in the middle of the year, faced with a situation not of its own creation, has had to make all its financial plans within the circumscribing limits of the existing budget approved by the house last spring. We consider that we have gone a long way in our proposals for a reduction of $178 million in the tax burden. We have concentrated it on the income tax, and

in respect of the income tax we have concentrated the benefit on persons in the low income groups.

In the light of the amendment that was introduced by the official opposition to the last budget last March, this is in keeping with the position that we took at that time and the position that we have for years taken that there should be reductions in the income tax and that principally the benefit of those reductions should be concentrated in favour of persons in the low income bracket. That is what this proposal and the others contained in the present bill accomplish. I trust that the committee will see fit to give enthusiastic endorsement to the clause.

Mr. Knowles (Winnipeg North Centre): May I say we will give endorsement to the proposal, but it would be much more enthusiastic if the figures were more nearly related to what the minister asked for when he was on this side of the house.

Mr. Pickersgill: I do not think the Minister of Finance should be allowed to get away with the statement he has just made, namely that the government came into office in the middle of the year with everything set. Only three months of the fiscal year had gone by on June 21. A government with any real energy could have brought in new proposals if they had wanted to do so.

Mr. Barnett: There may very well be something in what has just been said by the hon. member for Bonavista-Twillingate. In the reply he has just given to the hon. member for Winnipeg North Centre the minister spoke about having to deal with existing conditions and said that this proposed amount was all that he felt those conditions warranted. A good many times in these discussions about financial proposals the minister has sought refuge in the fact that he was working within the framework of a budgetary pattern that was set by the previous administration. He has just done so. That contention might or might not have validity in respect of certain matters. But what the hon. member for Winnipeg North Centre has pointed out is that this is a proposal that comes into effect in the next taxation year when we assume the minister, if he is still in office, will be giving us something in the nature of a real budget which will represent entirely his own thinking and the government's own thinking on this question. In view of that fact it seems to me that the argument he has been using in connection with the suggestion of the hon. member for Winnipeg North Centre hardly applies in connection with this question. I think that is particularly true when we consider that we had no indication whatsoever from the government since it took office that it had intentions to increase the basic exemption of married and single persons without dependents with respect to the application of income tax.

Mr. Hahn: Before clause 2 carries may I ask the minister this question. Can the minister give us any idea how much it would have cost the treasury if they had doubled these figures to $500 and $1,000?

Mr. Fleming: Is my friend asking for double the proposed new rate or double the existing rate?

Mr. Hahn: The proposed new rate.

Mr. Fleming: That is to say, raising from $250 to $500 the exemption in respect of each child eligible for family allowance and raising from $500 to $1,000 the exemption in respect of each dependent not eligible for family allowance?

Mr. Hahn: That is right.

Mr. Fleming: I will have an answer in a moment. According to the best estimate we can make in reply to my hon. friend's question, it would probably cost in addition to the present increase between $200 million and $225 million per annum.

(Translation):

Mr. Villeneuve (Roberval): Mr. Chairman, I wish to express my disappointment with clause 2 of this bill whereby the government proposes to increase the dependant's exemption by only $100 which, moreover, will apply only to the taxation year 1958.

In the light of the Conservatives' glowing campaign promises, we are inevitably led to the conclusion that their Niagara of promises is being doled out through a medicine dropper.

What the people of Canada were expecting was a complete review of exemptions, one which would have meant substantial exemptions for the ordinary wage earner, for instance a basic exemption of $1,250 for single people and $2,500 or $3,000 for married people, over and above the normal exemptions for dependants, whether or not family allowances are received.

The best way to help large families share in the wealth of this country is to raise the rate of family allowances, as was done by the Liberal government but which the present Conservative administration, so far, has failed to do in its unawareness that human values are still our greatest asset.

A student of dentistry, whose parents live in my constituency, was telling me recently how hard it is for him to get by financially because of the income tax. It's all he can do to earn a wage which does not even cover his tuition fees, food and board, and though he passes up well-deserved holidays so as to keep his job, he has to pay out $200.00 a year in income tax. His parents, in poor circumstances, are unable to help put him through dental school. It seems to me it is high time that generous exemptions be allowed to students who find it so hard to pay for their tuition and where parents pay for a son or daughter's college education, special exemptions like these should be allowed so that children of parents of modest means will not be debarred from higher learning because of financial difficulties.

I know of this through personal experience of financial instability during my own university years, and you may rest assured, Mr. Chairman, that this group of students in modest circumstances, caught between a legitimate ideal and the dictates of *primo viver*, have my fullest sympathy.

I am making this suggestion while the bill is being introduced, hoping that the legislators may soon give consideration to students who are bleeding themselves white to pursue an ideal which will soon benefit society as a whole. It is therefore a duty for society to make it as easy as possible for these young people to reach their goal. There is no better way of brightening the future than by lessening today's burden.

(*Text*):

Clause agreed to.

On clause 3.

Mr. Knowles (Winnipeg North Centre): Clause 3 of this bill is the clause that makes a change in the rates of taxation under the Income Tax Act. Let me point out at the outset that in making these changes the minister is doing something which I am happy to commend. He so seldom draws a commendation from me that he might put this one down in the book.

Mr. Hahn: You have not finished, have you?

Mr. Knowles (Winnipeg North Centre): No my hon. friend from New Westminster is right, I have not finished. I will come to the other aspects of the matter in due course. What is good about this change is that the minister made it in such a way that those in the upper brackets do not get a greater reduction than those in the lower brackets. Oftentimes when reductions in income tax have been made they have been effected on a percentage basis so that for the few crumbs which were handed to those in the lower brackets quite substantial reductions were given to those in the upper brackets. The way the minister has done it, by reducing the rate of taxation on the first $1,000 by 2 percentage points and on the second $1,000 by 1 percentage point and then carrying only that same reduction through to the upper levels, has meant that the result is that those in the higher brackets save only $30 a year under this provision and that is also the case with those in the lower brackets, except, of course, those who have no income beyond that in the first bracket. In their case they do not have quite so much.

Nevertheless, we think this is a poor substitute for the belief which this country had that the Conservative party would raise the exemption levels. As has already been pointed out, this was very definitely promised by the Minister of Transport in a speech made in Gananoque on May 23. It was argued in the House of Commons by the Conservatives in other sessions and, generally speaking, the country thought that was what the Conservative party stood for. Now the Minister of Finance comes before us with a budget, the provisions of which cover the calendar year 1958, and no change has been made in the exemptions.

Therefore, it seems to me that we have to try to improve the situation as best we can. This is a bill which proposes reductions in taxes and as was established by a ruling made in this house yesterday, a ruling made by the hon. gentleman who was in the chair this afternoon in pursuance of a ruling made by Mr. Speaker last Monday, we have the right to move amendments reducing still further any taxes which are reduced by this bill.

There is no way under the provisions of this bill whereby we can move any amendment raising the exemption levels of $1,000 for single persons and $2,000 for married persons. If there were such a way we would avail ourselves of it. However, since there is no such way, we feel a move in that direction could be made by reducing still further the rate of tax that applies to the first $1,000 of taxable income. That is what I rise to suggest now. I shall do more than suggest it, I shall move an amendment to that effect.

Our suggestion is that the rate of tax on the first $1,000 of taxable income, which is at present 13 per cent and is a reduction from the 15 per cent at which it stood a few years ago and which the minister now seeks to reduce to 11 per cent, should be reduced to 8 per cent.

We do not suggest any other change of the tax rate under these various brackets. The minister's proposal was to reduce the first rate

by 2 per cent and the rate on the second $1,000 by 1 per cent and that meant that for all of the brackets from there up there will be a reduction of $30. Our proposal for a further reduction in the first bracket of 3 per cent and no other reduction takes another $30 off each of the amounts of tax specified in the clauses of this bill.

Mr. Benidickson: Do you propose to save $30 for the millionaire?

Mr. Knowles (Winnipeg North Centre): Yes, we give the millionaire another $30, the same $30 as is given to those in the lower brackets. My hon. friend will realize that $30 to a person with an income of $3,000 or $4,000 means a lot more than it would to his millionaire.

Mr. Benidickson: Quite so.

Mr. Knowles (Winnipeg North Centre): To achieve this change which we feel is desirable as a means of further relief to those in the lower income brackets I move, Mr. Chairman:

That clause 3 be amended by deleting the rate "11 per cent" from paragraph (a) and by substituting therefor the rate "8 per cent", also by deleting the figure "$110" from paragraph (b) and by substituting therefor the figure "$80" and also by reducing the corresponding figure in each paragraph from (c) to (p), both inclusive, by $30.

I believe, Mr. Chairman, that the effect of this amendment which I move on behalf of this group is quite clear. It provides this further $30 reduction so far as the first thousand dollars of taxable income is concerned and provides the same $30, but no more, to each one of the taxpayers in all the other brackets. May I repeat, in view of the interjection of the hon. member for Kenora-Rainy River, that the millionaire will get a further $30 reduction as a result of this amendment but no more. The income tax payer whose taxable income is only $1,000 will also get the full $30 reduction proposed by this amendment.

Mr. Chairman, if by any chance any point of order arises in respect of this amendment, I know the Minister of Finance, recalling what happened on May 24 and 25 and May 31 and June 1 of last year, will support my right to be heard on such point of order.

The Chairman: I am sure the hon. member—

Mr. Knowles (Winnipeg North Centre): Are you proposing to make a ruling?

The Chairman: I was reading the amendment.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): I thought you had finished reading the amendment. If you have any thought of making a ruling, I ask to be heard first.

An hon. Member: Who is running the house?

The Chairman: I am sure the hon. member will anticipate my ruling in this regard.

Mr. Knowles (Winnipeg North Centre): Thank you sir for giving me the privilege to speak to the ruling which you suggest I may anticipate. As I indicated before I sat down after moving my amendment, I was sure that the Minister of Finance would support my right to be heard on this point of order.

I mentioned certain dates the significance of which I am sure will not be lost upon the minister. On May 24 of last year he had difficulty in being heard on a point of order. On May 25 he had difficulty in being heard on a point of procedure, and he knows what happened as a result of his insistence that he had the right to be heard. He knows how in due course he was led out of this house although we voted solidly against the course of action proposed at that time.

Mr. Benidickson: Was that with the Union Jack?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, this amendment is on all fours with the amendment moved yesterday. Indeed, it is more closely akin to the one moved yesterday than it is to the one moved this afternoon, although there is a great similarity to that one. The amendment moved this afternoon which the hon. member for Spadina, who was then occupying the Chair, ruled in order sought to increase the level of exemptions in the case of allowances for dependants. This amendment is slightly different; it proposes directly a reduction in the rate of tax. That is exactly what the amendment did yesterday. It proposed a reduction in a rate of tax. I submit, Mr. Chairman, that if the amendment yesterday was in order this amendment is also in order.

It is not necessary for me to go over the citations which we read yesterday going back a century or more to prove our right to move an amendment of this kind when there is before the house a bill reducing taxation prior to which there was no ways and means resolution. Mr. Speaker accepted that proposition so far as this bill is concerned under the ruling he made last Monday. The hon. member for Spadina accepted it yesterday, and he accepted it again this afternoon. The position is as clear as that. This is a bill which by the government's own action was

brought in apart from the regular rules of financial procedure. Therefore it must be handled according to the provisions laid down in the chapter in May which has to do with bills that do not impose taxation. The hon. member for Spadina, when he ruled last night on yesterday's amendment, added to the citations which had already been placed on the record by giving an excellent one from Campion, and on the basis of Campion and May and the other authorities he ruled that that amendment was in order.

Mr. Chairman, I will take no further time to argue the right to put this amendment on the basis of all that has happened in the past because I imagine the problem which confronts you is what to do in view of the fact that the committee this afternoon by a vote of 72 to 60 set aside the ruling of the then occupant of the Chair that our amendment on clause 2 was in order.

On one occasion, Mr. Chairman, one who was occupying your position found himself in a similar situation. It was on May 24, 1956. The occupant of the chair at that time was confronted with the fact that he was being asked to rule on a matter concerning which in his opinion there had already been a ruling that day. We were dealing with Mr. Howe's closure within closure. We were dealing with Mr. Howe's desire that we not debate clause 1 of the pipe line bill but go on to clause 2 and then when we got to clause 2 he moved that further consideration be postponed and that we go on to clause 3. Those who were here will remember that incident.

Mr. McIvor: We do.

Mr. Knowles (Winnipeg North Centre): When we raised the point of order against Mr. Howe's right to move that motion on clause 1 it was debated and a ruling was made. The ruling was appealed and the house sustained the ruling of the Chair. When we got to clause 2, and Mr. Howe sought to do the same thing over again we again raised a point of order. When I say "we" I admit it includes the member for Winnipeg North Centre but it also includes the present Prime Minister and the Minister of Finance. We with others, the Minister of Justice, for example, contended that we had the right to bring in new evidence and to decide again as a committee whether or not Mr. Howe could apply this form of closure.

The chairman on that occasion endeavoured to say that he was bound by a ruling which had already been made that day. He stated no authority, no citation on which to base that contention. There was strong objection, and by whom? The hon. member for Eglinton, the present Minister of Finance, who insisted that there were new facts to be brought to light and that the former decision did not bind the Chair. Indeed, when the chairman cut off debate and reported the matter to the Speaker the then member for Eglinton asked that it be included in the report that he had been denied the right to speak to that point of order. That was not the day the hon. member for Eglinton was named but it was the beginning of the heat that developed and the next day in a similar situation having to do with a matter of privilege the hon. member for Eglinton again being denied the right to speak was named and put out of the house for the balance of that day.

Mr. Fleming: Not named, suspended on a government motion.

Mr. Knowles (Winnipeg North Centre): If the Minister of Finance wants to have it on the record that he was not named but was suspended on a government motion he can have it that way if he wishes.

Mr. Benidickson: He would not obey the rules of the house.

Mr. Knowles (Winnipeg North Centre): My point is that the right of the house to review a decision, the right not to be be bound by a decision already taken the same day, was asserted last year on May 24 by no less a person than the minister who is now sponsoring the bill that is before the committee. We did have debate on that point of order and the Chair ruled against us. We again appealed the ruling; as a matter of fact, we went on doing it for several days as hon. members to my right will recall and will admit. We did the same thing on clause 3 and on clause 4 of the pipe-line bill.

In other words it has been established that a ruling made by the Chair appealed to the house and settled by the house does not preclude the house from reconsidering the whole matter. It is on the basis of what my hon. friends who are now on the government side did in that debate on May 24 and 25 of last year that I insist Your Honour must consider this point afresh.

May I also point out that the last time in my memory that a government member appealed a chairman's ruling was in 1948. The Honourable Senator Golding as he is now was then in the chair and, oddly enough, we were dealing with a taxation matter. Hon. members will recall that the issue arose because the opposition had out-voted the government on a taxation measure. The government, trying to get out of the difficulty, raised a point of order to the effect that the vote had been improperly taken. Mr. Golding stood his ground and ruled that he had

properly put the question and that the vote was in order. The point of order raised by Mr. Abbott, supported by Mr. Mackenzie, was to the effect that it was not proper to deal with the individual paragraphs, of a ways and means resolution seriatim, that they had to be taken as one. The ruling of the chairman on that occasion was overruled by the majority of the house but I draw the attention of this committee to the fact that though although for a year or two the effect of that ruling bound the house in an iron-clad fashion so that we were required to discuss ways and means resolutions in their entirety, gradually the effect of that ruling made by a decision of the house has been worn down. Who helped to wear it down? The Minister of Finance and the hon. member for Greenwood.

Mr. Benidickson: They now stand for might against right.

Mr. Bell (Carleton): Why don't you smile when you say that?

Mr. Knowles (Winnipeg North Centre): Time and time again when we got into committee of ways and means on the budget resolutions presented by the late Liberal government these gentlemen and others, and we too, insisted that we should apply common sense and deal with the paragraphs of the ways and means resolutions seriatim. The result is that by 1956 if one looks into the *Hansard* record of the debate on the ways and means resolutions he will find, thanks to the insistence of the hon. member for Greenwood and the Minister of Finance, that these resolutions were called paragraph by paragraph and the discussion carried on in an orderly way. In other words, despite the seemingly iron-clad nature of a vote of the house in 1948, common sense has prevailed. We have for all practical purposes got back to the same way of doing things that was in vogue before the government of 1948 appealed against a ruling of the chairman.

I submit with all deference, Mr. Chairman, that the house at this moment is still the master of its own proceedings. The house at this moment is still a group of intelligent members who have the right to decide what is a proper course of procedure.

I realize the difficult position in which you find yourself. You know of the ruling that Mr. Speaker made on Monday, you know of the ruling that the hon. member for Spadina made in the chair at eight o'clock last night and you know that to be consistent with those two rulings you have to rule that the amendment I have now placed before you is in order. What you are confronted with is the vote of the house this afternoon which seems to have the effect of changing the decision made by Mr. Speaker on Monday and the decision made by the hon. member for Spadina both last night at eight o'clock and this afternoon.

I know of nothing more damaging to the rule of law, nothing more destructive of the integrity of the Chair, nothing more crushing to an occupant of the Chair than to be called upon to make decisions that represent a change from decisions previously taken, to be called upon to make decisions not consistent with those already given.

Let me call a witness on this point. I turn to *Hansard* of June 7, 1956, at page 4796.

> Members have a right to know that the rules of the house will be observed and not be dependent upon the caprice of the majority. They have the right to know that the rules will not be reversed by the demands of expediency.

I hope, Mr. Chairman, you will not reverse Monday's decision and yesterday's decision by any demand of expediency such as I suggest we saw this afternoon. I continue:

> They have a right to ask that the decisions of today shall not be reversed tomorrow by the presiding officer, whatever the consequences may be to the majority in this house.

I realize that in the present house the government is not in the majority, but it seemed to muster a majority vote this afternoon. To all intents and purposes the government is in the same position as was the government to which this speaker was referring.

Mr. Broome: No; come off that.

Mr. Knowles (Winnipeg North Centre): Does anyone have any doubt as to whom I am quoting? I am quoting the then member for Prince Albert, now the Prime Minister. I continue with the quotation:

> They have a right to ask—

This is the Prime Minister speaking in the House of Commons on June 7, 1956.

Mr. Broome: We have no majority.

Mr. Knowles (Winnipeg North Centre): There is something else you have not got as well.

> They have a right to ask that the decisions of today shall not be reversed tomorrow by the presiding officer, whatever the consequences may be to the majority in this house. We have the right to demand that in the future frustrated ministers—

Whether they be the Minister of Finance, the Minister of Public Works or the Prime Minister—

—will think of the consequences to Mr. Speaker—

And I interject that no government has the right to crush the heart out of a Speaker by seeking to override his attempt to be fair

and impartial, and that has been our experience at this session with all the occupants of the chair.

—if at any time by overt demand or subtle compulsion—

I hope you have not been put in that position, Mr. Chairman.

—they place him—

Mr. Broome: What insinuations are you making? I think you should be a bit more careful.

Mr. Coldwell: Talk about insinuations; this is what the Prime Minister said.

Mr. Knowles (Winnipeg North Centre): This is what the Prime Minister said.

Mr. Benidickson: A straight quotation.

Mr. Coldwell: The Prime Minister said this.

Mr. Knowles (Winnipeg North Centre): I continue:

> We have the right to demand that in the future frustrated ministers will think of the consequences to Mr. Speaker if at any time by overt demand or subtle compulsion they place him in a position where he must depart from what, on the basis of his wide experience, he had determined was the right course to follow. Sir, if the rules under which parliament operates, if the decisions of today in a deliberative, orderly assembly, are to be reversed tomorrow by the presiding officer who made an earlier decision, then we shall have chaos.

I agree that these were great words from the lips of the present Prime Minister when he was in the opposition. I go on with the quotation:

> If the accumulated usages and precedents of the past can be set aside when they are detrimental to the government of the day, then parliament will be placed where respect and dignity will be supplanted by disrespect and disorder.

Those are words from the then member for Prince Albert who, when he became Prime Minister, put these words into the mouth of Her Majesty the Queen:

> Parliamentary government has been fashioned by the wisdom of many centuries. Its justice, authority and dignity are cherished by men of good will. It will be the high purpose of my ministers not only to preserve these qualities but to take steps to make both houses of this parliament more effective in the discharge of their responsibilities to the people of Canada.

Mr. Benidickson: What a farce.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the government does not do that. The government does not achieve the dignity of parliament; the government does not achieve the maintenance of the rule of law; the government does not achieve respect and order, and all these things that the Prime Minister has so much to say about, when the first time it finds itself frustrated, faced with necessity, it appeals the decision of one of the presiding officers of the house after the officers as a group have tried, as they have during this session, to give impartial decisions.

The decision that was made yesterday, Mr. Chairman, when the hon. member for Spadina was in the chair, I recognize was a difficult and important one for him to make. He made it properly; he made it in complete consistency with the decision taken by Mr. Speaker last Monday. I throw in only this sentence in parenthesis, that everyone knows that I did not agree with the ruling that Mr. Speaker made on Monday. But once he made it we accepted it, and it was our contention that we should stay on the ground which was established by that ruling. We stayed on it yesterday, we stayed on it this afternoon in the ruling that the member for Spadina made on the amendment to clause 2, moved by my friend the member for Assiniboia. But we got off that ground when the government, in utter disrespect for the integrity of the Chair,—

Mr. Benidickson: Their own chairman.

Mr. Knowles (Winnipeg North Centre): The government seemingly forgot that cartoon in the *Globe and Mail* of 1956 about the destruction of the Chair. We got off that ground when the government, in utter disrespect for the integrity of the Chair, chose to appeal that ruling and forced him to come back into the chair and say: My ruling has been overruled; the amendment which I said was in order, on the basis of the great amount of study I gave to the matter, I must now declare to be out of order. Mr. Chairman, it was the immediate response of mine—and I know it is on *Hansard*—when the Minister of Public Works did what he did this afternoon: "I never thought I would hear that from my hon. friend", and that was the way I felt about it. I say this to the committee. We are witnessing today something every bit as serious as what took place during those tumultuous days of 1956. Does the rule of law mean anything, or does it not? Are we going to be consistent or not?

Some hon. Members: Oh, oh.

Mr. Knowles (Winnipeg North Centre): My hon. friends may groan over there if they wish.

Mr. Broome: Can you change the budget as you wish?

Mr. Stuart (Charlotte): Wise guy.

Mr. Pickersgill: What budget?

Mr. Benidickson: Change the rules as you wish.

Mr. Knowles (Winnipeg North Centre): My hon. friend from Vancouver South is here in this house—maybe the hon. gentleman whom

he defeated is somewhere around this building, for that matter—because the country did not like the way the Liberal government set aside the rules of parliament during the pipe line debate. Now, tonight, he is sitting over there jeering at us for insisting on proper procedure in this house.

Mr. Broome: I am not jeering. We have a minority government.

Mr. Knowles (Winnipeg North Centre): He is jeering at us because we want the rule of law to be maintained. There is one point I want to make, Mr. Chairman.

Mr. Broome: To maintain the hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): There is one point I want to make clear, Mr. Chairman. I never felt more strongly—

Mr. Broome: You never made anything clear.

Mr. Knowles (Winnipeg North Centre): I hear some interjections over there but I will pay no attention to them. I never felt more strongly about a point of order than I feel about this one, and I felt pretty strongly about some of those that we had during the closure experience. Mr. Chairman, here we have not the chair running into difficulty because members of the opposition disagree with a decision that has been taken; we have the chair running into difficulty because the government is frustrated,—

Mr. Benidickson: Overruled by their own friends.

Mr. Knowles (Winnipeg North Centre): —because expediency requires that a ruling be set aside. I want to say to you, Mr. Chairman, that I am making this appeal just as strongly as I can that you stand where the member for Spadina stood yesterday and today, that you stand where Mr. Speaker stood when he made his ruling last Monday. I say to you that if because of the difficulty of the position in which you find yourself, and this is up to you, sir, you find you have to rule against my amendment, I shall not do to you what the Minister of Public Works did to the member for Spadina this afternoon. You are not making a ruling under any threat of an appeal from this side of the house. So far as we are concerned, you are free to give this matter your best thought and to make the decision that you believe should be made.

But I submit to you that in view of the rulings on Monday, yesterday and today there is only one ruling that can now be made. I submit to you that the demands of those to your right in the last parliament—you, sir, were not here but you must know all about what happened in 1956—for reconsideration set aside any thought that this afternoon's vote of the house binds you now. Indeed, I submit that just as the Prime Minister used these words—

An hon. Member: Quit stalling.

Mr. Knowles (Winnipeg North Centre): I hear some Conservative say "quit stalling". I think, Mr. Chairman, of how the Prime Minister has had so much to say about the rights and the supremacy of parliament, of how words to that effect grace the pages of this blue document that the Tories spread around the country in the last election, and then my hon. friends opposite say "quit stalling" when we are talking about this very issue. This is what the Prime Minister had to say on this matter when he was the private member for Prince Albert:

> To me, parliament and the maintenance of its supremacy, its authority, its dignity, are above the fortunes of a pipe line.

To us on this side of the house, Mr. Chairman, to us in this corner anyway, parliament and the maintenance of its supremacy, its authority, its dignity, are above the frustrations and the embarrassments of a government, of a minister who has failed to bring his legislation before us in the proper way and is now trying to have set aside fair and impartial rulings that have been made by those who occupy the chair of the house.

I repeat, Mr. Chairman, that I have the highest regard and respect for those who have occupied the chair during this session, not only Mr. Speaker, but you, sir, and the deputy chairman of committees and the hon. member for Spadina who has taken your place so often. In my view the respect that we hold for you should not be attacked by the government by asking you to change your position but that just as we leave you free of any threat of appeal so the government should leave you free of any threat of appeal —how they can do it after what they did this afternoon I do not know—and leave you free of any notion that because you happen to be a member of the government party you are bound that way. You are the chairman of the house. The dignity, the supremacy of parliament rest in your hands as you make this decision.

Mr. Fulton: Mr. Chairman, something of what the hon. member for Winnipeg North Centre has just said requires a reply. I think my reply can be summarized by reminding the hon. member of the fact that there is no majority in control here. The appeal

that was taken this afternoon was taken to the House of Commons in which there is no majority party.

Mr. Knowles (Winnipeg North Centre): Taken by whom?

Mr. Fulton: Taken by the government, yes.

Mr. Coldwell: Why?

Mr. Fulton: Because we felt that the ruling that was made was wrong.

Mr. Benidickson: Against your own nominee.

Mr. Fulton: It was taken to the House of Commons and the appeal was upheld by the House of Commons in which there is no majority party. I heard some of my hon. friends of the Liberal party applauding statements and sentiments of the hon. member for Winnipeg North Centre, as they are entitled to do, and applauding him particularly when he was critical of the vote taken this afternoon. But I remind them that among the majority who voted against the ruling this afternoon was every Liberal who voted here this afternoon.

Mr. Pickersgill: On a question of privilege, sir, every Liberal who voted voted to sustain the Chair.

Mr. Benidickson: Your own nominee.

Mr. Fulton: I admit the correctness of what the hon. gentleman has said. I should have said, voted against the appeal.

An hon. Member: He is labouring now.

Mr. Fulton: No, I am not. My point is that had hon. members opposite felt that we were wrong this afternoon as strongly as they appear to feel it tonight they should all have been here and voted; because I remind them that no party has an absolute majority in the house, and we knew that when we took the appeal this afternoon. We took it because we believed that the position we had taken was correct, and we knew we were submitting it to the judgment of a house which could overrule us if the majority felt we were wrong.

Mr. Gardiner: You only had 72 votes here.

Some hon. Members: Oh, oh!

The Chairman: Order.

Mr. Fulton: It is true that most of the members of the C.C.F. party were here and voted in support of what they said were their convictions and I respect them for it. But I think they should respect us for the fact that when we submitted this point to the judgment of the house we knew we were submiting it to a house in which we did not command a majority and we were prepared to abide by the results.

Mr. Gardiner: You wanted us to become the government, eh?

Mr. Fulton: Mr. Chairman, may I remind the hon. member for Melville that that decision does not rest with us. It rested with the people and it will rest with the people again whenever that decision is sought.

This point of order is a question upon which there are honest divisions of opinion, and I wish we could deal with it on that basis because there is no majority here which can force its will upon others at all. Last night we made a submission and I argued in support of that submission. I argued sincerely on the basis that I felt it was not in order for a private member to make a specific motion with regard to the rates of taxation and I still hold that view tonight. What we have asked is recognition of the fact that that is one of the rules of parliament and that as a rule of parliament and, if the hon. member for Winnipeg North Centre likes to put it that way, as a rule of law, it should be upheld. That is what we are asking.

I think the hon. member for Winnipeg North Centre has been very incomplete, for him unusually incomplete, in his argument and his appeal to the principle of the rule of law because he forgets that the rule of law contemplates appeals.

Mr. Knowles (Winnipeg North Centre): Why did you not appeal yesterday?

Mr. Fulton: I will come to that.

Mr. Knowles (Winnipeg North Centre): You accepted that ruling.

Mr. Fulton: We appealed this afternoon. Is my hon. friend objecting because we appealed a little late? Is he saying that because we did not appeal last night we have no right to appeal ever? I do not think my hon. friend would say that. What we did this afternoon was to appeal on the basis of a rule which we felt should be sustained.

Mr. Pickersgill: What rule?

Mr. Fulton: If my hon. friend has not paid attention or perhaps has not been able to follow the arguments advanced, I am not going to repeat all the arguments made last night by the Minister of Finance and myself. We put those arguments forward and this afternoon we followed the rule of law which contemplates an appeal. It was not an easy matter for us to say that the member who was acting as chairman and was a member of the same party as ours had made a mistake.

But we felt that he had, and that the repetition of the mistake and the grafting of the precedent that would have been set by the ruling made, if that ruling had not been appealed, would have been damaging to parliament. As I submitted last night—

An hon. Member: What about yesterday?

Mr. Fulton: I am talking about yesterday. As I submitted last night, and as I state again now, it is an elementary rule of parliament that only the government can make specific submissions or motions with regard to the rates of taxation. We talk and properly so; we talk about the rule of law and the rules of the house and say that they must be maintained. So they must and in my submission the government is seeking to maintain an elementary rule. But in addition to the rules written into the rule book, I have always understood that we are governed by the rule of common sense and that the rules of parliament are themselves based on common sense. It is a common sense rule that no private member should be allowed to move specific amendments with regard to the rates of taxation. That is an elementary protection to other private members. What kind of a position would you be in, Mr. Chairman, if that were allowed? I should go back a moment in order to anticipate an objection I know will be made.

Mr. Knowles (Winnipeg North Centre): What about the common sense of having brought in a ways and means resolution?

Mr. Fulton: My hon. friend bases his position here on the fact that we ourselves said that we do not need a budget on this occasion and that we are bringing in a bill that does not require a ways and means resolution. That being the case and that procedure having been ruled to be in order by the Speaker, he therefore says all the ordinary rules of common sense and all the ordinary rules that govern the dealing with taxation measures are suspended and private members can make specific amendments. But, Mr. Chairman, what kind of position do you get into if you follow that argument? Last night or yesterday afternoon a relatively—and I use the word deliberately—minor amendment was moved by the hon. member for Assiniboia.

Mr. Knowles (Winnipeg North Centre): By the member for Winnipeg North Centre.

Mr. Fulton: I think the hon. member for Assiniboia moved the one on the excise tax.

Mr. Knowles (Winnipeg North Centre): No.

Mr. Fulton: Very well; the hon. member for Winnipeg North Centre, if he made that motion. That amendment would have involved a comparatively small amount.

An hon. Member: What is $20 million?

Mr. Fulton: It would have caused a comparatively small upset or readjustment in the taxation proposal submitted by the government, namely only $20 million.

Mr. Pickersgill: What is $20 million?

An hon. Member: What is a million?

Mr. Fulton: That is what my hon. friends are saying.

Mr. Pickersgill: What is $20 million, they say.

An hon. Member: You said that.

Mr. Fulton: It was comparatively small in the light of the fact that today we had an amendment moved that would have involved $150 million. That is exactly my point. Once you admit—and in my submission erroneously as was done by the ruling made last night—the right of a private member to move amendments which would involve reductions in taxation or variation in taxation, you open the door. Last night we had a $20 million amendment. This afternoon we had an amendment moved that would have involved a variation of $150 million. From there I know perfectly well that my hon. friends would take it further and say, "We could do that on the taxation bill in the fall of 1957. Why can we not do it in the budget bill in the spring of 1958?"

Mr. Knowles (Winnipeg North Centre): Are you not going to bring in a budget in the proper way next year?

Mr. Fulton: That is exactly why the principle has been laid down and maintained that private members may not move specific amendments to the amounts of taxation, because it places other private members in an absolutely impossible position. That is the rule of common sense, reinforced by the rules of this house from the beginning of our procedures and the beginning of our rules. Yesterday evening the Chairman made a ruling that the amendment moved was in order. We did not believe that the chairman was correct but we were prepared to see whether my hon. friends would be reasonable as they asserted they were being. Today it became perfectly apparent that they were not being reasonable and that they were taking—

Mr. Knowles (Winnipeg North Centre): Advantage of our rights.

Mr. Fulton: —advantage of the opening made by the incorrect ruling last night to repeat what in our view was an error and

one which, if left unchallenged, would graft upon the rules and procedure of this house a fundamentally wrong system.

Mr. Pickersgill: Started by the Minister of Finance in this so-called budget.

Mr. Fulton: I have heard my hon. friend previously but I have already heard him to worse effect than in the remark he has just now made.

An hon. Member: He can get worse than that.

Mr. Fulton: An appeal was taken this afternoon without any pleasure on the part of the government.

Mr. Pickersgill: That was evident.

Mr. Fulton: That appeal was taken because we felt it was necessary to prevent repetition of the error made last night. That ruling was appealed to the house. The House of Commons, in which there is no party majority, upheld the appeal. I submit to you, Mr. Chairman, and to my hon. friends opposite including the hon. member for Winnipeg North Centre, that it would be a violation of common sense, in the face of the decision of the house taken this afternoon, to ask you—as he is asking—to say, "I defy the House of Commons and, notwithstanding the decision of the House of Commons, I am going to agree that only the hon. member for Winnipeg North Centre can be right in this house".

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I rise on a question of privilege.

Mr. Benidickson: Might does not make right.

Mr. Knowles (Winnipeg North Centre): I rise on a question of privilege. I am not asking you to say that only I am right; I am asking you to go by the precedents of 100 years.

Mr. Fulton: I submit, Mr. Chairman, that the hon. member is asking you to go by his interpretations of the precedents of 100 years. We have placed before the house our interpretation of the precedents of 100 years and the House of Commons sustained us this afternoon. For the hon. member to compare the situation today with the situation in 1956 is for him to indulge in a type of argument that I have seldom known him to be guilty of previously.

An hon. Member: Guilty?

Mr. Fulton: Or perhaps I should say that I have seldom known him to partake in previously.

Mr. Knowles (Winnipeg North Centre): Just wait a few minutes and you will get the answer to that.

Mr. Fulton: When the hon. member talks about black Friday and when he quotes what was said on the occasion of the pipe line debate, he forgets what was the substance of the complaint. The complaint then made by him and by us was against the abuse of the Chair by an absolute majority.

Mr. Pickersgill: Was there not a majority today?

An hon. Member: No.

Mr. Fulton: There was a majority in favour; a majority upheld the appeal against the ruling, yes. A majority upheld the appeal from the Chairman's ruling because the party of my hon. friend who just interrupted did not have the interest—or lacked some other quality—to vote for it; for there were—

Mr. Pickersgill: What about the 40 Tories?

Mr. Fulton: —only a very small scattering of that party in the house, and I am informed that there were others of them behind the curtains and in the lobby who deliberately stayed out.

Mr. Pickersgill: There is not an honest man on that side.

Some hon. Members: Oh, oh.

Mr. Fulton: My hon. friend is so carried away by his embarrassment, which I perfectly understand, that I am going to overlook the impropriety of his remark and the resentment that I might otherwise feel because of it. On reflection I know that my hon. friend will realize that what he is saying is not only out of order but entirely unjustified. I therefore think, Mr. Chairman, that the matter must rest there. If the House of Commons, in which there is no party majority, does not agree with us in our submission and our interpretation of the rules, and does not agree with us that it is a sound principle that only members of the government should be able to move specific amendments with regard to the rates of taxation, then the remedy lies in the hands of the present house. But I must say, I think it ill-becomes an hon. member who says that he believes in the supremacy of this house to criticize a government which has submitted its judgment and its opinion to the hands of the house in which it does not command a majority.

Mr. Coldwell: Let me say first of all that the genesis of all this is because the government set aside the rules.

Some hon. Members: Hear, hear.

Mr. Coldwell: Because the government brought in what is, in effect, a budget in a manner which is not in accordance with the

procedures and rules of this house and, having found themselves in a position where the members of the opposition could do that which they could not do if this measure had been brought in under the rules of the house, in a proper manner, when we took advantage of it and they were frustrated, what did they do?

An hon. Member: Used their common sense.

Mr. Coldwell: They endeavoured to set aside the rules under which we are operating, even as we are operating now. The Minister of Justice says that common sense must prevail. I think the experience of the ages written into our rule books was the experience brought about by the common sense of members of parliament throughout the ages.

Mr. Fulton: That is my whole point.

Mr. Coldwell: And in order to serve their hour and their minutes of power they have set aside the common sense, the accumulated common sense, of the ages. I felt badly in 1956 and I expressed myself very keenly about it; I feel just as badly tonight—just as badly—because I see a government in power tonight which during the campaign which resulted in their election went across this country denouncing what had been done in 1956 and telling us that if they were in power they would do two things, they would restore the supremacy of parliament and would restore respect to the Chair. And what have they done today?

Mr. Benidickson: Overruled the Chair.

Mr. Coldwell: We have a Speaker whom we all respect; we have chairmen who have given us what we consider to be fair rulings, and what have these people opposite done? They have undermined the Chair in this House of Commons at the very beginning of the first session of this parliament.

Yesterday we had a ruling; last Monday we had a ruling; that ruling is there. It was a black Friday in June 1956; this is Friday the 13th, another Friday. Might I quote something that was said at page 4856 of the debates of 1956:

> We saw the culmination of this thing on Friday morning when a decision arrived at the previous night—an important decision—was reversed in the most calculated, brutal and callous manner and under the most calculated, brutal and callous pressure.

Who said that?

Mr. Fulton: By a majority party.

Mr. Coldwell: The Minister of Justice said that, those are his words.

Mr. Fulton: Yes, by a majority party.

[Mr. Coldwell.]

Mr. Coldwell: We say the same position—

Mr. Fulton: By a majority party in 1956.

An hon. Member: What is the difference?

Mr. Knowles (Winnipeg North Centre): It was the same; it is dictation by the government.

Mr. Coldwell: You know, my hon. friends when they were on this side of the house and the followers of the government on that side stood up and voted, as they said, without knowing what they were doing or voting about as hon. members did today, they called them trained seals. I am not going to inflict that jibe on the members opposite.

Mr. Vivian: You had better not.

Mr. Coldwell: Who is telling me I had better not?

Mr. Knowles (Winnipeg North Centre): That is what they are, unless they are untrained seals.

Mr. Coldwell: I would say the gentlemen are so untrained that they did not know what they were doing this afternoon.

Mr. Broome: What about your own members?

Mr. Coldwell: I think this exhibition on the part of the government is something the people of Canada should know about and the people of Canada should remember and as far as I am concerned, just as I felt on that other night, that I should expose what I considered to be the wrongs done to parliament and to the chair by the late government when it was in power, so I shall do with this government to the very best of my ability.

Some hon. Members: Hear, hear.

Mr. Coldwell: I think this is nothing short of a disgrace. I say to the Minister of Finance, why did he not get the Secretary of State to bring in the flag tonight and hang it upside down?

An hon. Member: Shame.

Mr. Coldwell: Upside down—a signal of distress or sorrow; that is the way it should be done tonight.

An hon. Member: Are you talking on a point of order?

Mr. Coldwell: I do not mind your interruptions; go ahead and interrupt all you like; it does not upset me a bit. I am just expressing some of the feelings I have in my heart tonight. I have respected this institution of parliament; I have respected the Chair, and I want to say that this afternoon I felt heartsick and I feel tonight

just as I did 18 months ago. For the sake of expediency you brought in the measure in the wrong way; for the sake of expediency you did what you did this afternoon, and to boast that you got a majority in this house in the circumstances that existed here this afternoon—

Mr. Benidickson: Careful, they will throw you out and you will have to have your own flag.

Mr. Coldwell: —is no excuse at all for what is being done. I want to say to the Minister of Justice, the Minister of Finance, the Minister of Public Works—I wish the Prime Minister were here,—to recall what they said about the undermining of parliament 18 months ago. They should read again their remarks because they have done in a different way precisely what was done in May and June of 1956.

Mr. Gardiner: Mr. Chairman, I understand that the matter before the committee at present is a matter of order and that we have had decisions made by the chair on the point on two or three occasions within the last 48 hours. I understand further that those decisions have been in accordance with the practice of this house during the 25 sessions which I have attended and they have also been in accordance with the decisions made in 25 sessions of the legislature of the province which I attended before I came here. I have listened to some of the discussions earlier in this session and have even said to persons on this side of the house that the idea which has been expressed by the chairman of the committee in the last few days is in accordance with the long-time practice of an institution of this kind. That is, generally speaking, in dealing with matters having to do with money a private member has no right to stand up in his place and move for a further expenditure of money or for any action which might result in further expenditures of money, but he has a perfect right to get up and move that any expenditure of money which is proposed be cut down and reduced. Of course, one does not need to depend upon even the decisions of the chairmen in order to appreciate that that is true. I have here *Hansard* for July 26, 1956.

Now it is true it was the voting of money or the utilization of money that was under discussion, but the principle is the same no matter whether it has to do with that or whether it has to do with what we have been discussing. The present Minister of Finance, speaking as the private member for Eglinton, said this as reported at page 6487:

> I should like to point out that last year the department asked for and obtained a vote of $3,250,000 for this item. The minister reported yesterday that the department actually expended during the last fiscal year $2,084,615 on this item. It is quite clear, therefore, that the amount that was voted that was proven not to be necessary was over $6,150,000.

And then, going on down the page, and taking up the argument all the way he ends by moving an amendment:

> That item 87, be reduced by the sum of $5 million to $2,500,000.

Now there was some considerable discussion on the question between the present Minister of Finance and the former minister of trade and commerce since the item concerned defence production also under the minister of trade and commerce. The discussion went on for a page or so, and then the hon. member for Eglinton proposed to withdraw his motion and asked for the consent of the house to withdraw it. The house refused to give consent, and the vote was taken. The vote as finally recorded was: yeas, nil, and nays, 48.

In other words, it was demonstrated in this house at the time that when you are talking about a reduction of expenditure on the part of the government it is possible for a private member to move such a reduction; it always has been. It was on the basis of that principle, as I understand it, that decisions were given by the chairman in this committee within the last day or two. That is the matter which has been under discussion, and the committee has a perfect right to deal with a motion of that kind.

This was stated by the chairman when he ruled this afternoon that the hon. member for Winnipeg North Centre was within his rights when he made the motion he did. The supporters of the government—those particularly concerned—had only one thing to do if they wanted to follow the practice of this house, and that was to allow the question then to go to a vote. If my hon. friends wished to know what hon. members on this side of the house thought with regard to the motion then all they had to do was let it go to a vote, and if it had gone to a vote, members on this side of the house would have voted in a certain way and demonstrated what they thought of the motion.

But when a minister of the government gets up and appeals the decision of the Chair —a chairman chosen from his own side of the house—and after the vote hon. members get up on the other side of the house and start finding fault with some members for staying out behind the curtains when the

vote was taken, it should be borne in mind that it is the members of the government who are over-riding the long-standing practice of this house, and if they are not doing anything other than that, and if they were counting the members on this side of the house for the purpose of stirring up the kind of argument they are making tonight, they are doing it for political reasons and no other reasons.

The practice of the house has always been the practice which was upheld by the Chair this afternoon.

Mr. Harkness: Political reasons are the only ones you would understand. I know that.

Mr. Gardiner: I understand that well enough to have been elected for 44 years to parliaments in this country. The people of this country do not vote for members 13 times in a row in any constituency because they believe that that particular candidate has only political reasons for what he does. They vote for him because they believe that whatever he may do he is capable of safeguarding the rights of parliament.

The Chairman: Order. I should like to ask the hon. member to discuss matters relevant to the subject under consideration.

Mr. Gardiner: Well, this is relevant to what the hon. member for Calgary North is saying.

Mr. Harkness: It is not relevant to the point of order.

Mr. Gardiner: As a matter of fact, if Your Honour wants to call order he should have called it when the hon. member for Calgary North introduced the subject. There was no reason for him interjecting what he did interject, and since he has interjected it I have a perfect right to reply to what he said. After that, I may be out of order.

We have been discussing this question this afternoon, and out of this discussion have come a number of things which would be out or order were every hon. member to be held strictly to the matter before this committee at the present time. It was said, not very many minutes ago, that there was not a majority in this house. Well, there was not a majority of the members sitting behind the government, but ever since this discussion first took place with regard to consideration of the rules of the house the debate has always gone back to the pipe line debate.

What was the underlying principle in the pipe line debate? It was that some people said outside this house that they had the right to come in here and put on a filibuster to prevent this house passing a measure which was desired by the majority. They took that position outside the house, and came into the house to put it over. Certain things happened in connection with it—

Mr. Green: On a point of order, Mr. Chairman. I submit that the hon. member for Melville is not in order in following this line.

Mr. Gardiner: Well, two speakers who preceded me have discussed it, and two of the members who took a very prominent part on the other side of the question to the one I took at the time that debate was on have been allowed to speak with regard to it. I am quite satisfied to agree with the last speaker, who was not speaking any more eulogistically of what took place at that time than I am doing. As a matter of fact the position taken at that time was that a minority in this house were demanding the right to hold up the majority for an indefinite period of time in order to make it impossible for a certain piece of legislation to go through, and that the government at that time was obliged to utilize the only rules that were on the statute books—

An hon. Member: Before the debate even took place.

Mr. Gardiner: The government of that time—

The Chairman: I have listened to a lot of argument from both sides, and I can tell the committee that I am ready to make my ruling.

Mr. Hansell: Mr. Chairman, you have not heard from this corner of the house. I have just a word to say.

The Chairman: I will listen briefly to you.

Mr. Gardiner: If Your Honour is not ready to put the question or make a ruling I have the floor. We have been discussing this question for some little time and I want to repeat that we have been twitted on this side of the house for not all being here in order to vote, and I want to say what has been repeated once or twice previously, that we had a very considerable number in the house, and if we had had a dozen more in the house it is true that the motion would not have carried—

Mr. Harkness: You had them right behind the curtain.

Mr. Gardiner: And we could have brought them in and trimmed you to a frazzle.

The Chairman: Order.

Mr. Gardiner: Mr. Chairman—

Mr. Hansell: Mr. Chairman, I am going to take only a few minutes—

The Chairman: Order.

Mr. Quelch: Mr. Chairman, on a point of order, we have a right to be heard from this

corner of the house. You have heard a spokesman from the Liberal party and the C.C.F. party and I strongly object to your trying to shut off any debate from this corner of the house at this time.

The Chairman: I will listen to you.

Mr. Gardiner: Well, Mr. Chairman, I still have the floor.

The Chairman: Order. I will ask the hon. member to discuss matters relevant to the discussion.

Mr. Gardiner: I am discussing matters relevant to all that has been said here tonight.

The Chairman: I do not address that remark specifically to the hon. member for Melville. I am saying that to all hon. members.

Mr. Stuart (Charlotte): It is a little late.

Mr. Gardiner: The matters that have been discussed in connection with this debate up to now are of course all relevant to the discussion which was permitted to take place and I think these things should be discussed to their logical conclusion. When hon. members opposite say to the group on this side of the house, "If you had had all your members in today we would have been defeated at this time," I must comment that I have never heard of a government wanting to be defeated in any house. Why did they want us to defeat them this afternoon?

The Chairman: Order. The hon. member will understand that he is not discussing a matter relevant to the discussion.

Mr. Gardiner: The hon. member for Kamloops discussed the same question for ten minutes only a few moments ago.

Mr. Argue: That is right.

Mr. Gardiner: Since I am talking in favour of abiding by the Chairman's ruling I will accept his ruling and agree that, so long as he keeps the others in line in the same way in connection with this discussion I will have nothing more to say until we take the vote.

The Chairman: Thank you very much. The hon. member for Macleod.

Mr. Hansell: Mr. Chairman, I am not going to take much time this evening but I do think a point should be covered here from this corner of the house. In speaking to the point of order may I just point out that there is quite a difference in the debate on this point of order today and the debate that we have heard take place on similar points of order during the last session of parliament. The difference is this: The Minister of Justice, when he sat on the other side of the house, and the hon. member for Winnipeg North Centre seemed to be bosom pals.

Mr. Fulton: We still are.

Mr. Hansell: They argued points of order much more intricate than this one and they were in 100 per cent agreement. The change of position appears to have changed their attitude.

Mr. Ellis: You are bedfellows of the Liberals.

Mr. Hansell: Let me proceed. The Minister of Justice rose a little while ago and said that members of the government challenged the Chairman's ruling because they thought the ruling was wrong. That is their privilege, of course, but I would like to know why they did not do that yesterday. That is a question I cannot resolve in the realm of common sense which my hon. friend the Minister of Justice has mentioned so frequently of late. Why was this not done yesterday? The arguments presented by the hon. member for Winnipeg North Centre this evening were the same arguments he raised yesterday and yet no protest was made at that time.

I want to compliment the Minister of Finance, however, on the way in which he handled this question yesterday. He rose in the house after the Chairman had made a ruling and explained that the government could not vote for the amendment, the reason being that if such an amendment were allowed to carry it would upset the balance of ways and means and it would only mean chaos as far as responsible government is concerned.

Mr. Lewry: Now we have irresponsible government.

Mr. Hansell: He explained that this was the way to look at it and so the government permitted the motion to be put and the motion was defeated on its merits. Why change the process today? Why change the process now?

Mr. Knowles (Winnipeg North Centre): Who made the decision?

Mr. Hansell: The same thing is happening now as happened yesterday. Why could the government not have permitted the motion to go before the house in the same way as the Minister of Finance permitted it to go before the house last night?

Mr. Ellis: They are opposed to the amendment.

Mr. Hansell: That would have been the solution to the problem; but no, they could not do that. I suspect they began to think the matter over and we can guess what it was they began to think over. They doubtless began to think that it was a bad political

move to let these motions be put before the house because someone would go out in the country and say, "The Conservatives voted against a reduction in taxation." That is what someone surely would have said and knowing this the government brought the Chair into what I claim to be disrespect and in doing this they have done the very thing they accused the previous administration of doing just a few months ago.

The Chairman: As hon. members are aware, in this sitting on an appeal to the house from the decision of the Chairman of the committee of the whole this house decided that it was not in order for a private member to propose a reduction in taxation. As I am bound by that decision I must rule this amendment out of order for that reason. In due deference to the views expressed I do not believe I can ignore a decision of the house made in this regard earlier this day. I would like to quote Mr. Speaker Lemieux as recorded at page 632 of Beauchesne's third edition in these words:

> The best authority for the Speaker is the judgment of the house. The Speaker merely voices the opinion of the house. The house, having declared out of order an amendment framed precisely as the one now under discussion, I am bound, in accordance with that decision and irrespective of the authorities, to rule the present motion also out of order.

Shall clause 3 carry?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, will the minister comment further with regard to the rates set by clause 3 for the purposes of the Income Tax Act? He will recall that I expressed approval of the way in which this reduction, if it was the only reduction that could be made, was to be put into effect in that it does not pyramid into the upper brackets, but specifically was consideration given to the proposition which hon. members of the government party advanced from time to time that the exemption levels should be increased, for example to $1,500 for a single person and $3,000 for a married person?

As the minister knows these exemption levels were established a long time ago. The cost of living has gone up a great deal since these levels were established. Is it not time that these levels were raised? We all recognize when we are discussing income tax that it is the fairest method of obtaining revenue from the people of the country but it is also the basic principle of income tax that you should not start taxing those dollars that are absolutely essential to an ordinary existence.

We claim that that is what is happening. We oppose income tax on income just over $1,000 for a single person and just over $2,000 for a married person. It seems to me that is not a good substitute for the implementation of that other idea that the Conservatives have had. I should like to hear from the minister on this point.

Mr. Fleming: Mr. Chairman, the Prime Minister did not make any promise to the Canadian people in the campaign that if he were elected to office he would bring about a reduction in the tax through the medium of an increase of exemptions to $1,500 for single persons and $3,000 for married persons. Mr. Chairman, nothing would please the present Minister of Finance more than to be able to introduce responsibly such a proposal; but I come back to the point I have made already several times, that we were under very severe limitations coming into office now and having to function within the scope of an existing budget. The fact is, sir, that to put into effect an increase to $1,500 in the basic exemption for single persons and $3,000 for married persons would cost the treasury of this country approximately $530 million, and that kind of money was not available in the balance of ways and means within the scope of the budget that was passed at the last session of the house before dissolution.

Mr. Pickersgill: Why did you say that during the election?

Mr. Fleming: We did not say that.

Mr. Pickersgill: You did, all over the country.

Mr. Fleming: We talked about the overtaxation in the last fiscal year. The hon. member for Billingsgate knows that, he knows it very well. He should not go on mouthing things that he knows were applied to last year in the face of the huge overtaxation last year. I do not intend to be turned aside by those senseless interruptions of the hon. member.

Mr. Pickersgill: On a question of privilege, sir, I am not sure whether the hon. gentleman was referring to me. If he was, he seems to have got the name of my constituency wrong. I would like to ask the hon. gentleman if he denies ever talking about $500 million surplus in the last election?

Mr. Lesage: Overtaxation.

Mr. Pickersgill: Overtaxation of half a billion dollars. Does he deny that?

The Chairman: Order. I ask the hon member to stay with the matter under discussion.

Mr. Pickersgill: He doesn't deny it.

Mr. Benidickson: Saved by the chair.

Mr. Fleming: May I proceed, Mr. Chairman? If the hon. member can just hold himself for only a moment he will get his answer.

The Chairman: Order. I would ask the minister to discuss the matter before the chair.

Mr. Fleming: That matter was discussed at the last session as applying to the last fiscal year, and a good deal was said about it, and a good deal more could be said about it yet.

Let me deal with the question raised by the hon. member for Winnipeg North Centre, Mr. Chairman. I have pointed out what the proposal that he now inquires about would have cost in terms of loss of revenue to the treasury in a year and, faced with the limitations we were under, we looked about for a place where we thought reductions could be most effectively made. The conclusion we reached was that by concentrating our reduction on the income tax the two methods that would best achieve the concentration of the benefit of the reduction in income tax in favour of persons in the low income brackets were (a) an increase in the exemption now in respect of dependants; and (b) reductions in the rates in the lowest brackets of taxation.

That is why, Mr. Chairman, we have recommended to the house the reductions that appear in clause 3 of this bill, a reduction of two points from 13 per cent to 11 per cent on the first $1,000 of taxable income and a reduction of one point in the rate on the second $1,000 of taxable income. The net result of these two reductions is to reduce the load of income tax carried by the income taxpayers of Canada, 4½ million of them, by $146 million in a full year.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I have not kept a record—I have not the secretarial staff to keep this the way the Prime Minister can in regard to time spent on questions—of the number of times the Minister of Finance has pleaded that his government cannot do certain things because they are working within the framework of the budget of the former government.

Mr. Chairman, there are several facts about the clause that we are now discussing. First of all, it relates to the calendar year 1958 and to that period only. Nine months of that calendar year will be in a period presumably to be covered by a budget that may yet be brought in by this government. Even the first three months are the last three months of a period of more than nine months out of this fiscal year that this government will have been in office. This government, its spokesmen, talked about the huge overtaxation, the huge surplus on the basis of which they would be able to implement their promises.

I have no defence of the former government, but it seems to me that this excuse has been worn thin, that the government has to keep telling us it cannot do the things it promised to do because of the limitations imposed upon it by Mr. Harris' budget. I repeat, these provisions are for the calendar year 1958, and if the Conservatives thought it was possible to do this kind of thing but now when they are on their own that they now find they cannot do them, why do they not honestly stand up and say they were wrong?

I recognize that even with such research as I have been able to carry on I have not been able to find a direct quotation that I can attribute to the Prime Minister to the effect that he would raise the exemption levels to $1,500 and $3,000. In fact, it is very interesting to go through the Prime Minister's speeches in the recent election campaign and see how he creates impressions, without putting things down in plain language. The Minister of Finance knows that in former years in this House of Commons in budget debates the members of the Progressive Conservative party did urge, and on occasion did move an amendment to the effect that the exemption levels should be raised. They created the impression, not just in the election campaign but across the years, that whereas the Liberals were stubborn and were unwilling to raise those exemption levels, the Conservatives would do it.

My contention is that clause 3, by the terms of subparagraph 2 thereof, relates to a period of time that is wholly within the control of this government. It relates to the calendar year 1958, the first three months of which are part of the present fiscal year and part of the nine months period that they will have been in office. The other nine months are entirely their own, if they are still there and if we do not have a change for the better in the meantime. In view of that, Mr. Chairman, the excuses given by the Minister of Finance are entirely inadequate.

Mr. Benidickson: Mr. Chairman, this unprecedented budget advanced in committee on the estimates of the minister to me, I think, brings to the attention of the house the desirability of following some recommendations that the minister himself made when he was sitting on this side, namely that of allowing members of parliament to meet and question officials of the government and examine the questions as to ways and means.

I am sure in my mind that the reason we have not got a white paper, as we should have at this time having regard to the big changes brought about by the new administration, is that the minister is advancing to the house his own off the cuff financial estimate. He is not prepared to advance a white paper that would have behind it the authority of the large number of people in the Bank of Canada, in his department, and elsewhere in whom the country has a great deal of confidence.

In the almost six months that the government has been in office circumstances have changed and, as I said in my remarks last Friday, they have changed for the worse. But based on the new declining levels of prosperity I think the Minister of Finance is not being frank with the house when he brings forward in an off the cuff speech last Friday night a statement of estimates of income and outgo involving millions and millions of dollars. I do not think these estimates have the imprimatur of the official level of government in this country in which we have had reason to have confidence.

In my opinion, this is a prime example if there ever was one of justification for referring the estimates of the department of the new minister to an estimates committee so that we could examine, as he himself has so often asked, some of the major economists and experts in the Department of Finance who could give us some idea as to the likely balance of ways and means as the result of some of these new proposals this session.

Mr. Fleming: There is not one word of truth in the charge just made by the hon. gentleman.

Mr. Benidickson: Would my hon. friend, in the knowledge that the session will continue after the new year, not agree that there might be some advantage in allowing the estimates committee to examine the whole set-up of ways and means in so far as our finances are concerned?

Mr. Fleming: Mr. Chairman, the hon. member never was more mixed up in his life than he is in the statement he just made. Never did anybody suggest that the estimates committee should do anything more than review estimates. He is talking now about an estimates committee that will review financial proposals in relation to taxation. The hon. member is completely mixed up. It is unfortunate.

Mr. Benidickson: Mr. Chairman, the Minister of Finance chose the introduction of his own estimates to offer the equivalent of a new budget and there was much complaint that the usual procedures, traditional for more than 80 years, had not been utilized. I simply say to him, does that not justify more than ever directing to a committee of the house, and I think the estimates committee would be the proper one, estimates of the finance department so that we could have an opportunity to discuss with some of the senior officials of his department the opinions that they might have now as to the new levels of income and outgo of the government? No answer from the minister.

Mr. Barnett: Mr. Chairman, earlier when the minister was discussing this clause he placed some emphasis on the idea that the intent of the government in these tax reduction proposals, even though he admitted they are relatively minor, was to give relief to those in the lower tax brackets. In view of the remarks he made about the limitations with which he was confronted in his efforts to reduce taxes, the question I should like to ask him relates to the fact that the reductions in taxes, as I understand the figures in the clause of the bill, carry through right up to the person whose taxable income is $400,000 a year or more.

The minister can correct me if I am wrong, but I think I am correct in suggesting that for the people whose taxable income amounts to more than $2,000 right up to those whose taxable income is $400,000 or more the tax reduction amounts to $30 a year. I remember somebody suggesting earlier in the debate today that $30 a year to the person who is in receipt of an income of $400,000 is a good deal smaller consideration than it is to the person who comes barely within the tax level as far as income is concerned.

Can the minister indicate to us what the total amount will be which he does not expect to receive as the result of carrying out the $30 reduction in the case of all those who have a taxable income above the level suggested in subsections (a) and (b)? Those are the two sections in the lower income tax group for which he is suggesting a special reduction in rate. Has he any figures which will indicate to the committee the loss of revenue to the treasury as the result of providing the $30 reduction from that point right through to those in the highest income brackets?

Mr. Fleming: Mr. Chairman, it would be an entirely new theory of progressive taxation to say that when you get above the level of $2,000 of taxable income you are not going to tax everybody in the same way on his initial $2,000 of taxable income. That would be an entirely new theory. You start everybody in the same way. The graduated rates apply to everybody and the reduction

is uniform as to amount. That is because we have started in the lowest brackets.

Some hon. Members: Ten o'clock.

The Chairman: Shall the clause carry?

Mr. Knowles (Winnipeg North Centre): No, ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Can the hon. gentleman tell us what the business will be for tomorrow?

Business of the House

Mr. Green: Mr. Speaker, tomorrow we shall commence with the bill having to do with the bridge over the Niagara. It was reported back from committee today. We will then continue with the debate on the amendments to the Income Tax Act; then we will take the Export Credits Insurance Act; then the resolution dealing with guaranteed prices for agricultural commodities; and then the estimates of the Department of Justice.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

GRAIN—IN STORAGE AND BEING SHIPPED

Question No. 266—**Mr. Gardiner:**

1. How many bushels of wheat, oats and barley were in storage in (a) country elevators; (b) other elevators in Canada; (c) on farms on December 1, 1955, 1956 and 1957?
2. How many bushels of wheat, oats and barley were (a) in cars for shipment by railways; (b) in ships for shipment on December 1, 1955, 1956 and 1957?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

Comparative grain stocks specified position and dates 1955 to 1957

1.

(a) In store in western country elevators

	Wheat m's bu.	Oats m's bu.	Barley m's bu.
November 30, 1955..	214.3	18.0	33.5
November 28, 1956..	217.1	35.5	25.6
November 27, 1957..	208.9	36.2	33.7

(b) In store in other Canadian elevators

November 30, 1955..	133.1	6.8	13.6
November 28, 1956..	116.1	17.7	30.2
November 27, 1957..	134.0	13.3	27.6

(c) On farms

Statistics are not available showing the exact quantities of grain on Canadian farms at December 1 of any one year. The dominion bureau of statistics surveys of farm stocks are made with respect to quantities remaining on farms at July 31 with a supplementary estimate of quantities at March 31.

2.

(a) In transit by rail east and west

November 30, 1955..	7.8	1.2	2.2
November 28, 1956..	12.5	1.2	1.7
November 27, 1957..	13.9	3.0	4.0

(b) In transit by lake vessel

November 30, 1955..	8.1	1.5	2.5
November 28, 1956..	6.7	2.5	3.6
November 27, 1957..	9.3	2.6	2.5

CITIZENSHIP REVOCATIONS

Question No. 269—**Mr. Pickersgill:**

1. How many citizens if any have had their citizenship revoked since January 1, 1947?
2. (a) How many citizens if any have had their citizenship revoked since January 1, 1956, (b) what was the reason for the revocation in each case?

Answer by: **Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration):**

1. 1509.

2. (a) 45; (b) (i) absence from Canada (section 19 (1) (c) and (d)), 41; (ii) renunciation of Canadian citizenship (section 19 (2) (c)), 4.

POSTAL CONVENTION—TRANSLATORS EMPLOYED

Question No. 278—**Mr. Leduc (Verdun):**

1. When the international postal convention took place in the House of Commons last summer, did the authorities responsible for the organization of the simultaneous translation system hire translators for translation from French to English and from English to French?
2. If so, how many Canadian translators were hired and how many other than Canadians?
3. How much did the temporary system cost the government?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. Yes. Translators were hired by the international bureau of the universal postal union, Berne, Switzerland.

2. No Canadians—17 other than Canadians to provide translation to English, French, Russian and Spanish.

3. Translators were paid by the international bureau. Details of cost of installation and maintenance of simultaneous translation system were previously supplied. See House of Commons debates No. 7, October 22, 1957, page 303.

VANCOUVER—TUNNEL FROM STATION TO POST OFFICE

Question No. 279—**Mr. Irwin:**

1. Has the tunnel from the C.P.R. station to the new post office in Vancouver been completed?
2. If so, what was the actual cost?
3. Will it be used for any purpose other than taking mail to and from the post office and the C.P.R. station?

Answer by: **Mr. Hodgson, Parliamentary Assistant, for the Minister of Public Works:**

1. No.
2. Estimated for completion—$1,191,930.
3. No.

HOUSE OF COMMONS

Saturday, December 14, 1957

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

FURTHER STEPS TO MAKE PARLIAMENT MORE EFFECTIVE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I would like to ask the Acting Prime Minister if he could tell the house what steps, in addition to those taken yesterday, the government proposes to take at this session "to make both houses of this parliament more effective in the discharge of their duties to the people of Canada".

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I think the government has already taken quite a few actions—

Mr. Knowles (Winnipeg North Centre): What about the axe you wielded yesterday?

Mr. Green: —to make the business and the standing of parliament better during the present session, and the hon. member will just have to wait and see further developments.

EXTERNAL AFFAIRS

REQUEST FOR TABLING OF LETTER FROM PREMIER BULGANIN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Acting Secretary of State for External Affairs or the Acting Prime Minister. I would like to ask him if he has tabled or will now table a copy of the letter reported in the press this morning as having been received yesterday by the government, through the Prime Minister, from Mr. Bulganin of Russia, so the house may have the letter as well as the press information.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the letter addressed to the Prime Minister from Premier Bulganin was delivered yesterday afternoon by the Soviet ambassador. The letter was in Russian and was accompanied by what was described as an unofficial embassy translation. The note is now being translated and studied, and any comment by the government would have to await this careful examination.

The principal features of the note have been published in the papers this morning. For the most part it resembles the letters sent to President Eisenhower, Prime Minister Macmillan and others.

There are, however, a few passages specifically referring to Canada. The proposals in the note will undoubtedly be given careful consideration at the NATO council meeting in Paris, and I hope to be able to table the translation the first of the week.

Mr. Coldwell: I notice that the Prime Minister has already commented on the note. Could we receive the comment as well, since the note is characterized as propaganda by the Prime Minister?

Mr. Green: I think the comment must have been made on the basis of this unofficial translation by the Russian embassy. There has as yet been no official translation by the Department of External Affairs.

Mr. Coldwell: Is this consistent with the statement of the Secretary of State for External Affairs (Mr. Smith) that we should not always say no without proper examination?

PATENT ACT

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Alex B. Macdonald (Vancouver-Kingsway): Mr. Speaker, I wonder if the Secretary of State could give the house an indication of when the report of the royal commission on copyright will be available.

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, apparently when I referred to this matter on October 28 with reference to the possibility of the tabling of this report I was overoptimistic. In any event the situation now is that the galley proofs are being checked for the English text, and even after they are ready the page proofs will still have to be checked. The hold-up is largely one of the mechanics of providing the printed copy. We expect now that it may be possible to get the English text through by the 17th or 18th of this month, but that again I cannot promise because I do not know just how long it will take to put this through the plant. Whether the French text will be ready at the same time is quite problematic. I should think not; maybe it will take another week or so after that. In any event I can assure the hon. member that we are most anxious

to get this done as quickly as possible, and that every effort is being directed toward this end.

INQUIRY FOR RETURN

WHITE BEAR RESERVE, CARLYLE, SASK.

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, may I direct a question to the Minister of Citizenship and Immigration. Can the minister inform me when I may expect an answer to a question I asked which was made an order for return on November 20? The minister will recall that I brought this matter to his attention the other day.

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, the hon. gentleman did mention this matter to me two days ago, and I have asked the department to expedite the return. I will make further inquiries to ascertain when it will be ready.

HEALTH INSURANCE

LEGISLATION RESPECTING MENTAL AND TUBERCULAR HOSPITALS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Earlier in the session I asked the Prime Minister whether amendments would be brought in to the hospital insurance act to provide for the coverage of tuberculosis sanatoria and mental hospitals. His answer was yes, that such amendments would be brought in. Can the minister say whether it is the intention of the government to have this legislation brought in before the Christmas recess?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, it is not, Mr. Speaker.

Mr. Argue: Can the minister inform the house as to the date on which the government intends to have tuberculosis sanatoria and mental hospitals covered under the act?

Mr. Monteith: This whole matter is one of government policy. I do not think I can say anything further.

POWER

COLUMBIA RIVER—INQUIRY AS TO REPORT BY BRITISH COLUMBIA GOVERNMENT

On the orders of the day:

Mr. F. C. Christian (Okanagan Boundary): Mr. Speaker, I should like to ask a question of the Minister of Northern Affairs and National Resources, or his deputy, notice of which has been given. Has the federal government as yet received from the province of British Columbia a report relating to that province's studies of the hydro resources of the Columbia river? If not, when does the federal government expect to receive such a report?

Hon. D. S. Harkness (Acting Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first question is no. In answer to the second, I can only say that this depends on the progress of the studies by the province, which is a matter within the control of the provincial government. No definite date for the report has been indicated.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR PARLIAMENTARY COMMITTEE OF INQUIRY

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of National Revenue, and in his absence possibly the house leader would be prepared to answer. In view of the fact that no recommendations are being voiced from this house to the board of governors of the C.B.C. for their consideration, would the minister advise the house when it is expected to set up a special committee to study the actions of this hallowed corporation?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I will take that question as notice and draw it to the attention of the Minister of National Revenue.

GRAIN

DEFICIENCY PAYMENTS—REQUEST FOR CONSIDERATION OF REPRESENTATIONS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Acting Minister of Trade and Commerce or the Minister of Agriculture. Has the government received any recent representations from joint western farm organizations requesting deficiency payments on the 1955-56 crop and, if so, will the government give them consideration rather than giving the kind of answer I received some time ago?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, representations in regard to deficiency payments on the 1956-57 crop have been received from a considerable number of agricultural organizations, some small

and some large. We have looked into the matter, of course, and have given consideration to it.

Mr. McCullough: Mr. Speaker, I would like to ask the minister just what consideration has been given?

Mr. Harkness: Close attention was given to the proposal which was made.

Mr. H. R. Argue (Assiniboia): A supplementary question, Mr. Speaker. May we take it from the minister's answer that at some time during the session the government will announce its policy in this regard?

Mr. Harkness: Mr. Speaker, the hon. member knows that we continue to announce our policy with regard to these matters as the occasion and the circumstances make it necessary.

Mr. Pickersgill: In accordance with the T.V. schedules.

GOLD

INQUIRY AS TO EXTENSION OF EMERGENCY LEGISLATION

On the orders of the day:

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I wish to direct a question to the Minister of Finance. Will the minister tell the house if an announcement will be forthcoming regarding the extension and amendment of the Emergency Gold Mining Assistance Act?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I hope it will be possible to make an announcement on this subject at an early date, probably after parliament reconvenes in January.

SOCIAL SECURITY

REPORTED FAILURE OF B.C. RECIPIENTS TO RECEIVE INCREASED PENSIONS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare. I regret not having sent him notice of my intention to ask this question, but I have no doubt that he does not require notice. Will he explain to the house why the old age assistance people in British Columbia did not receive the $9 increase in their pension cheques at the end of November?

Hon. J. W. Monteith (Minister of National Health and Welfare): No, I cannot at the moment, Mr. Speaker. I was not actually aware that they had not received it. I know we have had indications that many of the provinces have given the increase. In fact I signed agreements with several of the provinces to bring this $9 increase into effect, but I cannot tell the house exactly what the situation is in British Columbia.

Mr. Regier: A supplementary question, Mr. Speaker. Has the government of British Columbia yet signed its agreement with the federal government in respect thereto?

Mr. Monteith: I cannot advise the house on that question, Mr. Speaker, without looking the matter up. I would be very glad to let the hon. member know.

[*Later:*]

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): May I ask a supplementary question of the Minister of National Health and Welfare. Could he tell the house with which provinces he has signed agreements concerning increases in the Old Age Assistance Act?

Mr. Monteith: I would be happy to report that on Monday. I cannot say offhand.

Mr. Pickersgill: You cannot remember?

Mr. Monteith: I have as good a memory as the hon. member.

Mr. Lesage: Has Quebec signed?

AGRICULTURE

REQUEST FOR AMENDMENT OF PRICE SUPPORT LEGISLATION

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Now that the press reports that the farm organizations have taken a very dim view of the proposed legislation for price supports for farm commodities, will the minister give serious consideration to amending the bill before it is brought before the house?

Mr. Speaker: Order. This matter is on the order paper for discussion today, and I do not think it is proper to engage in questions at this stage.

[*Later:*]

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture, the answer to which might affect the course of the debate on the agricultural prices support resolution and the bill to follow. Is the minister in a position to say whether or not the government will accept the recommendations of farm organizations to have this legislation referred to the agriculture committee so these organizations may make representations to that committee?

Inquiries of the Ministry

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have not received or seen any recommendations along that line, so I am not in a position to make a statement about the matter.

TRADE

WHEAT—REPORTED PURCHASE OF 1,500,000 BUSHELS BY AUSTRALIA

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to ask the parliamentary assistant to the Minister of Trade and Commerce a question arising out of a news report in this morning's *Gazette,* which says that Australia will buy 1,500,000 bushels of Canadian wheat. Will the minister inform the house whether or not there are negotiations going on for the sale of larger quantities of wheat?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, on a previous occasion I have explained that active negotiations are going on for the sale of wheat, but I think it is undesirable to give details in this house. As I have said previously, I think anyone who wants wheat sold will not want the details of the negotiations made public.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, may I ask a supplementary question. Is the acting minister aware of the fact that, according to this press report, trade minister John McEwen of Australia has made such an announcement? Will the minister confirm the fact that such a deal has been made or is about to be made?

Mr. Macdonnell: When I have seen the report I will be prepared to comment on it.

[*Later:*]

Mr. Argue: Mr. Speaker, now that I have sent a copy of the press story on the Australian wheat deal with Canada to the minister, is the minister in a position to confirm the report?

Mr. Macdonnell: I now have the newspaper report which says, "Australia Plans Big Wheat Order From Canada". I think the hon. member must give me time to find the exact stage of the negotiations. I certainly hope it will go through, but I think I must take the question as notice. At the moment I cannot express a definite opinion as to the exact situation.

Mr. Argue: I appreciate the answer of the minister, but I think in fairness to the house I should point out that he read the headline rather than reading the actual report, and the actual report is much more definite than the headline.

[Mr. Argue.]

Mr. Macdonnell: Well, I thought I had given a fair indication. Actually the first paragraph reads:

> Trade minister John McEwen said Australia will import 1,500,000 bushels of high protein Canadian wheat.

I think that is what the hon. member wished me to read. There again it expresses an intention on the part of the Australian government, which I certainly hope will be carried out. But at the moment I do not think I can give an absolute statement as to the situation. I do not want to say something definite, and then have to come back and correct it.

TRANSPORT

IRON ORE COMPANY—DIRECTIVE RESPECTING OFFICIAL LANGUAGE FOR RAILWAY

On the orders of the day:

Mr. Lomer Brisson (Saguenay): Mr. Speaker, owing to the absence of the minister I should like to address a question to the parliamentary assistant to the Minister of Transport. Has the minister approved of the directive issued by the Iron Ore Company of Canada to the effect that English will be the only official language used for railway operations on the railway from Seven Islands to Schefferville?

Mr. A. R. MacDonald (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, I will take the question of the hon. member as notice and bring it to the attention of the minister.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO DATE OF PAYMENTS TO QUALIFYING FARMERS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Can the minister inform the house when those farmers who qualify under the Prairie Farm Assistance Act may receive payments from the government?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, prairie farm assistance payments will begin this month.

PENSIONS

SUPERANNUATED CIVIL SERVANTS—REQUEST FOR DISCUSSIONS WITH UNITED KINGDOM

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Will the

minister be stopping off at London either on his way to Paris or on his return? If so, will he discuss with the authorities there the way in which they have increased the pensions of retired civil servants, in the hope that he might suggest something comparable thereto on his return to Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the plans I had made for departure yesterday did contemplate that on my way back from Paris I would have a day and a half in London, which I had hoped to spend usefully in certain conferences. Whether I am able to go to the NATO council at all now depends upon whether this bill on which we are engaged is carried this morning. If I am able to go this afternoon I still hope to have some opportunity for conferences in London on the way back.

As to the particular matter my friend speaks of, I have indicated already on several occasions, Mr. Speaker, that this matter has been under very close study for some time.

Mr. Knowles (Winnipeg North Centre): Twelve years.

Mr. Fleming: No. We are speaking of the new government. I cannot take any responsibility for what happened in that regard before we assumed office.

Mr. Knowles (Winnipeg North Centre): Were not the results of the former studies left behind in the minister's office?

Mr. Fleming: Whatever studies had been made certainly were not adequate for the purpose, and extensive studies have since been made. We have been gathering a great deal of statistical information, and that gathering of information has occupied much more time than I think my hon. friend may have realized would be necessary for the purpose.

So far as discussions with the United Kingdom are concerned, I do not think those are necessary. Among other things one may have the opportunity to ask some questions on this subject, but we know pretty well what has been the course of discussion on a similar subject in the parliament at Westminster, in the light of steps that were taken there.

Therefore whether or not I have an opportunity to discuss that subject in London on the way back from Paris, if I am able to go to Paris now, will not, I think, materially affect the government's program in this regard.

Inquiries of the Ministry

COMMONWEALTH CONFERENCE

DISCUSSIONS WITH UNITED KINGDOM—REQUEST FOR TABLING OF AGENDA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question. If the minister does get to Paris, and I am sure we all hope he will and we will do everything we can to facilitate him, and does stop in London on his return, will he be discussing with Mr. Thorneycroft the proposal for a free trade area?

Hon. Donald M. Fleming (Minister of Finance): I thank my hon. friend for his assurance. I do appreciate the co-operation of the house in trying to get this measure disposed of as quickly as may be. I hope on my return from Paris to have a conference with Mr. Thorneycroft in relation to the plans that are being made for the meetings of officials to lay plans for the commonwealth trade and economic conference to be held next year.

Mr. Pickersgill: Would the hon. gentleman be willing to lay before the house the proposed agenda for that commonwealth conference, so all of us may have some idea what the Canadian government is proposing in the way of methods of increasing commonwealth trade?

Mr. Fleming: Mr. Speaker, there is no agenda yet and there cannot be—

Mr. Pickersgill: That is what I thought.

Mr. Fleming: —until after these preparatory conferences. The purpose of the preparatory conferences is not only to arrange matters in relation to date, time, place and physical arrangements, but also to take up the question of an agenda. This will be the subject of communications and discussions with the various governments of the commonwealth. I cannot say more than that at the present time in anticipation of what may occur at the preparatory conferences.

Mr. Chevrier: You have been preparing for several months.

Mr. Coldwell: I should like to ask the minister if he can tell us when he anticipates the conference will be held. I mean a possible date.

Mr. Fleming: Various communications have been exchanged on the subject, and there are the usual problems in arriving at a date that will be convenient to all countries of the commonwealth. One of the purposes of the first of the meetings of officials to be held in London early in the new year is to

review these questions and arrive at a considered recommendation to submit to the commonwealth governments.

It is quite clear that there will be a conference in 1958, but the precise date has not been settled yet. Preferences have been expressed by various countries for dates running from the late summer into the autumn, and it is a matter of fitting in with plans, some of them involving political events, in the various countries. In other cases it is a matter of fitting them in with other international conferences involving finance ministers.

PIPE LINES

TRANS-CANADA PIPE LINES—INQUIRY AS TO SAFETY PRECAUTIONS DURING TESTING

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Could the Acting Minister of Trade and Commerce inform the house what safety precautions are planned during the testing of the Trans-Canada pipe line between Winnipeg and the lakehead to ensure that if an explosion takes place the residents along the route will be fully protected?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): I think I must take that question as notice, Mr. Speaker.

SHIPPING

C.G.S. "LABRADOR"—STATEMENT ON TENDERS FOR REPAIRS

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Richelieu-Vercheres asked me whether or not tenders were called for the refitting of the *Labrador*. The answer is that tenders were not called. In accordance with the standard practice for the repair and refitting of major naval vessels, the contract was allotted to Saint John Dry Dock Company Limited on the recommendation of the Canadian maritime commission.

PUBLIC WORKS

BRITISH COLUMBIA—POSSIBLE DAMAGE FROM EXPLOSION ON RIPPLE ROCK

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Public Works. In view of the announcement of an explosion on Ripple rock in British Columbia, which is now in the press, can the minister tell us if, in the event of damage many miles away to homes and private property, reparations are going to be made?

Mr. Speaker: Order. I think that question is rather hypothetical at this stage. The hon. member might defer it until he ascertains whether or not there has been any damage.

BUFFALO AND FORT ERIE PUBLIC BRIDGE COMPANY

AMENDMENTS RESPECTING CANADIAN MEMBERS, DESIGNATION OF AUTHORITY, ETC.

The house in committee on Bill No. 194, respecting the Buffalo and Fort Erie Public Bridge Company—Mr. Fleming—Mr. Courtemanche in the chair.

On clause 1—*Appointment of Canadian members.*

Mr. Fleming: Perhaps I could just say very briefly that this bill was given second reading in the house with explanatory statements on Thursday. It was passed without opposition. Indeed it was commended by the hon. member for Niagara Falls. Yesterday the bill was before the standing committee on railways, canals and telegraph lines, where it was further considered and was reported, I believe, unanimously by the committee.

Mr. McMillan: May I just say a word on this bill in the absence of the hon. member for Niagara Falls. Before the last redistribution bill Fort Erie was in my riding. I may say that at no time did I ever make a recommendation in connection with a change of the personnel of the commission on that bridge or on the Canadian legal counsel appointed by the government of the late Right Hon. R. B. Bennett. I would like to say to the minister that we have three members of the bridge commission who are very efficient and highly regarded in their communities, and I would suggest that they be included in the new commission along with his two new appointees.

Mr. Regier: Mr. Chairman, before this bill is passed I wish the minister would satisfy me on a point which has been giving me some concern. I am sorry I am not a member of the committee and I have not yet received the minutes of that meeting.

We in our province are very much concerned with the subject of the bridges on which we have to pay tolls, and we have always been very anxious that the government or the bridge authority should make it very clear to us when we may expect to see the day when any particular bridge will be toll free, because we believe that basically tolls are a hindrance to progress.

I notice that the bill contains nothing which would indicate to the people most interested in this particular bridge, or in the use of that bridge, that the time may ever come when the bridge might be toll free. Even in the wording of the bill I see there is a listing of several dates and possibilities with respect to toll rates, and these words, "whichever is the later of the dates". What would happen in the case of the indebtedness being paid off before the year 1992? Have the people who are most concerned any reason to expect that they will ever have a toll free bridge?

Mr. Fleming: Mr. Chairman, I cannot answer this question positively. This bridge was not originally built as a publicly owned bridge, but the money was obtained by the issuance of bonds which are held in private hands. There is provision in this bill for the eventual vesting of the bridge, but in the meantime the occasion has presented itself for submitting this bill to the house. Once again I cannot stress too strongly that it is a very urgent matter, since as of January 1, if we do not get this bill through and get the appointments made, the Canadian representation on the authority will be in a minority position. There is nothing in this bill that deals with the subject of tolls; that is a question for the future, and will have to await the vesting.

Clauses 1 to 4 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

INCOME TAX ACT

The house resumed, from Friday, December 13, consideration in committee of Bill No. 232, to amend the Income Tax Act—Mr. Fleming—Mr. Courtemanche in the chair.

On clause 3.

Mr. Barnett: The minister will recall that when the house adjourned at ten o'clock last night I had asked him for some information in respect to the amount of the reduction in the receipts of the Department of National Revenue from income tax, as a result of carrying forward the $30 per year reduction to those in the higher income tax brackets. I wonder if the minister has been able to come up, in the interval, with a figure as to what the estimated amount would be in that connection.

Mr. Fleming: Mr. Chairman, in round figures the number of taxpayers who pay income tax on the first $2,000 of taxable income only is approximately three million, and the number of persons paying tax on taxable income in excess of $2,000 is about one and a half million.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, this is the clause which continues to leave a rate of taxation on the first $1,000 of income over the present exemption levels of $1,000 for a single person and $2,000 for a married person. As the committee is well aware, we argued yesterday, and in fact we put it before the house in the form of a motion, that the least that should now be done would be for that rate to be diminished. It is still our view that the party now in power should carry out the policy which it had when it was on this side of the house, namely that there should be no income tax on the first $1,000 of income over the present exemption level; in other words that these exemption levels should be increased.

The minister has sought to dispel the idea that the Conservative party promised to raise the exemption levels. He made the statement last night, that the Prime Minister did not make such a promise, and every time it has been contended from this side of the house that this was the position of the party now in power, we have been given to understand that we were twisting the record. Well, I may say that I have gone through the record. I do not intend this morning to take the time of the house to quote all that I have found, but I may say that over the past number of years there have been repeated occasions when members of the Conservative party have stood up in this house and said they were in favour of raising the exemption levels to $1,500 for single persons and $3,000 for married persons.

Some of those hon. members might now be described as backbenchers, who were not necessarily speaking for the party. I do not think, however, that their statements can be dismissed, especially when they were made by such persons as the former member for Hastings-Frontenac, now appointed to another place. I do not think the words of the present Secretary of State can be dismissed. She argued quite definitely on more than one occasion that the exemptions should be raised to $1,500 single and $3,000 married.

But, Mr. Chairman, let me quote from the record of *Hansard* the exact words of no less a person than the hon. member for Eglinton, now Minister of Finance. I am looking at page 474 of *Hansard* for January 24, 1956. Let it be perfectly clear, as it will be from the sentences I will read, that the present Minister of Finance was not just speaking for himself. He seldom did when he was on this side of the house. He always spoke for the party, and he made it clear on that occasion that that was what he was doing. He was speaking in the debate on the address on January 24, 1956. When he referred to

the minister of finance he was, of course, referring to Mr. Walter Harris, who held the portfolio at that time. These were the words of the present Minister of Finance:

> If the Minister of Finance is not prepared to go as far as Conservative policy advocates—

The word "Conservative" is printed with a capital C, so it was not just an idea of the hon. member for Eglinton; he was telling us what was the policy of his party.

> If the Minister of Finance is not prepared to go as far as Conservative policy advocates in this respect, namely $1,500 for single persons and $3,000 for married persons without dependants, then at least we hope he will take a generous step in that direction.

This, Mr. Chairman, is a clear cut statement by the present Minister of Finance, when he was in opposition, as to where his party stood. Later in the same session—this was last year, 1956, on July 3—we were debating the amendments to the Income Tax Act, the very stage at which we now find ourselves, and the present Minister of Finance condemned Mr. Harris for not having done what he, the hon. member for Eglinton, had called upon him to do on January 24, namely for not having raised the exemption levels as had been demanded by representatives of the Progressive Conservative party. I may say that the words of the present Minister of Finance in that session were not uttered by him as one lone voice crying in the Conservative wilderness, but were supported by those whom I have already named, as well as by others.

Now, Mr. Chairman, anyone who takes the index to *Hansard*, looks up the Income Tax Act, and then looks down until he comes to the word "exemptions" can find there in the pages of *Hansard* across the years representatives of the Conservative party advocating that exemption levels should be raised and, in specific terms, that they should be raised to $1,500 single and $3,000 married.

When, against such a background, the leader of a party, particularly the hon. gentleman who is now Prime Minister, goes into an election campaign and promises there will be tax cuts, promises that there will be given back to the people the $10 a month by which, he said, they were being overtaxed, I say the Canadian people had every right to believe that was the Prime Minister's way of saying that the Conservative policy indicated in the House of Commons by the present Minister of Finance would be implemented.

I am going to avoid making any reference to newspaper reports of what the Prime Minister said, because he is not here in this house to confirm or deny the accuracy of such reports, but I do want to read one or two quotations from statements he made over the C.B.C., in this case over a radio hook-up. He made similar statements on television as well. Speaking from Vancouver on May 24, 1957, the present Prime Minister said:

> We shall put an end to excessive overtaxation. We shall call a session of parliament in September to reduce taxes, and at that session, with $500 million of overtaxation last year, we will be able to increase old age pensions and other pensions to fair and reasonable amounts. The Liberals tell you it is not possible to lower taxes and increase pensions at the same time. Give us a chance—we will show you!

Some hon. Members: We have.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I paused for a moment, hoping there would be an interjection. The Prime Minister went on:

> Any party that cannot do this with that surplus does not deserve to be made responsible for public funds.

Hon. members opposite interjected that they have done what the Prime Minister said. Well, Mr. Chairman, in the same speech from Vancouver the Prime Minister used these words:

> We do not begrudge the government the money it needs to run the country, but couldn't you use the $10 a month which the government does not need but still takes from you?

Hon. gentlemen opposite say the government is implementing what the Prime Minister undertook to do. The Prime Minister promised that his party, if it was given a chance, would show us what it could do; that it would give back to the people of Canada the $10 a month which the Liberals were taking from them in overtaxation. We now have before us a clause of this bill which the Minister of Finance admitted a moment ago, in answer to the hon. member for Comox-Alberni, provides not more than $20 a year reduction in income tax for three million income taxpayers—

Mr. Fleming: Oh, no; $30.

Mr. Knowles (Winnipeg North Centre): I am sorry. Did I misunderstand the minister? I thought he said there were three million who paid income tax only on $1,000 of taxable income—

Mr. Fleming: The first $2,000.

Mr. Knowles (Winnipeg North Centre): I accept the correction. There are three million taxpayers who pay tax on $2,000 of taxable income or less, and to those three million the saving by virtue of this clause is $30 a year or less, depending on the amount of their income. But $30 a year is the most that any of these three million people will save as a result of this proposal. Thirty dollars a year is $2.50 a month. If hon. gentlemen opposite want to call that the implementation of the Prime Minister's promise to give back $10 a month, they can try if they wish. The fact is that many of those three million people do not pay

tax on $2,000 taxable income, so the saving effected by them is a lot less even than $2.50 a month.

Now, Mr. Chairman, I think it is time something pretty straight was said about the political morality of a party which takes one stand when it is on one side of the house and another stand when it is on the other side. I think I could choose words of my own to express what people think about this kind of political morality, but I will forbear. I will quote instead a recognized authority, one that is certainly recognized by my hon. friends opposite in view of the ways in which they seem to be copying some of the things he did. I refer to the late Viscount Bennett, who at the time he made the remarks I shall now read was the Right Hon. R. B. Bennett, Conservative prime minister of Canada. He did not call himself a Progressive Conservative, he was just a straight Conservative. Some say he was a Liberal-Conservative, but I cannot keep track of all these changes in party names.

Mr. Pickersgill: There was nothing Liberal about him.

An hon. Member: He did not belong to the C.C.F. anyway.

Mr. Knowles (Winnipeg North Centre): Someone said he did not belong to the C.C.F.; we know that.

Mr. Hodgson: I think he was a Liberal-C.C.F.

Mr. Knowles (Winnipeg North Centre): However, the same Mr. Bennett tried on his political deathbed to bring in some progressive legislation. We know what happened to it, and now when we try to bring back some of that progressive legislation you know what happens to it on the floor of this house.

These were the remarks of Mr. Bennett on the subject of the political morality of people changing their views when they move from one side of the house to the other. He was speaking on July 27, 1931, as reported at page 4200 of *Hansard* for that year. It is true that he was directing his fire at the Liberals for having changed their views on moving from the government side to the opposition side, but as hon. members will see Mr. Bennett's words apply with equal force to those who move from the opposition side to the government side. These were the words of Mr. Bennett:

> I must say that I do not believe the Canadian people think it is necessary for political leaders who one day are in power and the next day are in opposition to revile when in opposition all that they held most dear when they were in power, to change their ground, to shift their position and say, "That which I asked you to accept I now ask you to condemn; that which I told you I believed in then I no longer believe in. I misled you when I told you to do thus and so, not knowing whether I knew or not; I instructed you right then, but now, with changed conditions all that is wrong, all that is nonsense, all that is absurd. What I want to do now is to condemn this thing."

Those are Mr. Bennett's words, and I apply them directly to a party whose present Minister of Finance said in this house last year that it was Conservative policy to raise exemption levels to $1,500 single and $2,000 married, to a party whose leader in the election campaign said, "Give this party a chance and we will raise pensions and reduce taxes; we will put back into your pockets that $10 a month which the Liberals were overcharging you." This is a party that now having gone to the other side of the house, when we propose these things follows a course of action such as we have had in this house in the last day or so, of doing its best to avoid even having to face votes on amendments designed to implement the very things that members of that party said they stood for when they were in opposition and when they were out on the hustings.

I insist, Mr. Chairman, that the Canadian people do not like this sort of thing. It is most disillusioning. Some of the things that have happened here lately at the instigation of those who a year ago were talking about the dignity of parliament and respect for the chair are disillusioning to the people of this country. And what this minister is trying to do right now, in saying that his party did not promise to raise these exemption levels, and asking us to settle for these rates of tax that still apply to the low income people that the Conservatives condemned the Liberals for taxing, is the kind of political morality that merits the condemnation that Mr. Bennett indicated back in 1931 in those words I quoted. It is still the case under this clause that three million people, who in the words of the Conservatives have been overtaxed $10 a month, are on their own terms still being overtaxed at least $7.50 a month.

Those are not my words, and those are not my figures. That is the ground the present party in power chose for election purposes. That is the ground upon which we have the right to judge them in this house at the present time. Of course we welcome the reduction of $2.50 in the taxes on these three million people, but I say to the party opposite that they will be held to account not merely for the policies they bring into the house or fail to bring into the house, but will also be held to account for political morality of this type.

Mr. Fleming: Mr. Chairman, hon. gentlemen will recognize, I am sure, that if I do not make extended reply to my hon. friend's

remarks it is because of the pressure of the clock under the circumstances of this day. We have had this subject up before, and I must invite my hon. friend's attention to what I said on this subject on December 13, at page 2362 of *Hansard,* where I am recorded as saying:

> Mr. Chairman, the Prime Minister did not make any promise to the Canadian people in the campaign that if he were elected to office he would bring about a reduction in the tax through the medium of an increase of exemptions to $1,500 for single persons and $3,000 for married persons. Mr. Chairman, nothing would please the present Minister of Finance more than to be able to introduce responsibly such a proposal; but I come back to the point I have made already several times, that we were under very severe limitations coming into office now and having to function within the scope of an existing budget. The fact is, sir, that to put into effect an increase to $1,500 in the basic exemption for single persons and $3,000 for married persons would cost the treasury of this country approximately $530 million, and that kind of money was not available in the balance of ways and means within the scope of the budget that was passed at the last session of the house before dissolution.

I have said it there and there is no point in my attempting to repeat it now. That is the position; that is the fact, and having regard to what my hon. friend has said concerning views expressed by myself and other members of my party when in opposition, there has been no departure from those views.

We would like nothing better than to be in a position to proceed now to put such figures into effect but we have to accept the situation, and in this bill we have done what we asked the former government to do. In the language attributed to me on January 24, 1956, by the hon. gentleman, we have taken a generous step in the direction we asked the former government to take.

I remind my hon. friend that we have done a great many things this session; the increases in the various pensions, together with the increases in the—

Mr. Pickersgill: Mr. Chairman, on a point of order, the hon. gentleman is in a hurry and we are anxious to facilitate his departure, but surely talking about other things done during this session is outside the ambit of this bill.

Mr. Benidickson: He is filibustering.

Mr. Fleming: Mr. Chairman, I had one sentence on this subject to deal with the point raised by the hon. gentleman, when he said we had not carried out a particular promise to lower taxes and raise pensions.

Mr. Pickersgill: This is not a general debate.

Mr. Fleming: The point is that we have done both of those things. My hon. friend is not right in his figures. My hon. friend talks about a $30 reduction, and he is completely glossing over the fact that we have proposed increases in the exemptions for dependants. He has completely failed to make reference to that fact in the figures he has given. If he will look at the table I put on *Hansard* at page 2008 on December 6 he will see there the benefits that accrue to the kind of taxpayer he is referring to from the combined effect of the reduction in rates and the increase in the exemptions.

If he looks at the first column at the bottom of page 2008 he will see that to a married man with an income of $4,000, of which $2,000 is taxable, the net benefit in the reduction in rate and increase in exemption, where he has four dependent children qualified for family allowances; is $76 and that brings about a reduction of 43 per cent in the tax that he has hitherto been paying.

Mr. Pickersgill: Will the hon. gentleman permit a question. Can he give a similar figure for a taxpayer having a taxable income of $500 with—was it two dependants?

Mr. Fleming: No, this figure was for four.

Mr. Pickersgill: A taxpayer having four dependent children and a taxable income of $500?

Mr. Fleming: How many dependants?

Mr. Pickersgill: Four. I want to make it comparable, to be fair. I refer to a taxable income of $500.

Mr. Fleming: My hon. friend, I take it, is assuming that he has already received the benefit of the increase in exemption to arrive at the taxable income of $500. Before he arrives at that taxable income he will already have received the benefit of a total increase of $400 in his exemption for his dependants.

Mr. Pickersgill: I want the hon. gentleman to make it strictly comparable. He gave a figure for a taxpayer with a taxable income of $2,000. I would like the strictly comparable figure for a taxpayer with a taxable income of $500. I am very anxious that the conditions should be precisely similar.

Mr. Browne (St. John's West): Mr. Chairman, I do not know whether the hon. member for Bonavista-Twillingate has any particular case in mind, but it seems to me he should give the age of the dependants.

Mr. Pickersgill: I do not think it makes any difference whether the children are above or below family allowance age; it is $100 anyway, as I understand it.

Mr. Fleming: In that case I am informed that the combined effect of the exemptions increase and reduction in rates would reduce that man's tax from $65 to $11.

Mr. Pickersgill: It would reduce it from $65 to $11?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I note that the Minister of Finance still follows the course of brushing aside his own promises by saying the Prime Minister did not promise to raise the exemption levels to $1,500 and $3,000; but may I point out that when the Minister of Finance made the statement he did in this house on January 24, 1956, he said it was Conservative policy. I would like to know if that policy has been rescinded by his party and, if so, when? Or is it that the Prime Minister has overruled the statement of Conservative policy which the Minister of Finance made?

Mr. Fleming: Neither the Prime Minister nor myself made any such promise in the campaign. The promise was to reduce taxes.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the Minister of Finance cannot deny that in this House of Commons the Conservatives argued for a raising of the exemption levels. One cannot collect all these statements that were made on the hustings, but it is a fact that the Minister of Transport repeated this promise at Gananoque on May 23. I submit that when the Prime Minister, on the background of what was said in the House of Commons by responsible members of the party such as the Minister of Finance, said that his party would bring in these grandiose tax reductions; when he said, "Give us a chance and we will show you", that was giving the Canadian people reason to believe that Tory policy would be carried out.

For the minister to stand up now and say that this government has carried out the statement he made on January 24, 1956, is a honey. He asked Mr. Harris to implement Conservative policy, namely $1,500 exemption for single persons and $3,000 for married persons, and then he said if he could not do it all "we hope he will take a generous step in that direction".

I can imagine how readily the Minister of Finance would have approved of any mere step which Mr. Harris might have taken in that direction. If he had not gone the whole way the minister would have said that was not enough. Now he comes along and says, even though he has not raised the exemption levels at all but has merely taken off those two percentage points, that he is implementing the alternative part of the suggestion he made to Mr. Harris in 1956. Surely, the whole point of that statement was that this was the Conservative policy. We now find that the Conservatives have gone to the other side of the house and have in effect rescinded their policy by their lack of action on this matter.

Mr. Ellis: Mr. Chairman, in view of the minister's frequent statements that this was the best they could do because of the situation they found when they came into office, may I ask the minister to explain to the committee what material difference existed in the general financial picture in Canada as between the month of May of this year and, let us say, the month of September? In other words, last spring the minister was able to make certain demands for tax reduction. What did he find, after coming into office, that caused him to believe that the things he stated before the election the Conservatives were going to do cannot be done at the present time?

Mr. Fleming: These are the things, Mr. Chairman, that I reviewed in my statement a week ago last night. They have been repeated since. They are all set forth there, the effects on the revenues and the expenditures.

Mr. Herridge: I should like to ask the minister this question. If he finds himself unable to give this promised tax reduction now, is he contemplating doing it in the next budget he introduces in this house?

Mr. Fleming: Perhaps my hon. friend will let me reserve any proposals that may be made at that time until I have the honour to bring down a budget.

Mr. Regier: The minister has gone some considerable length in emphasizing the things he found upon assuming office, yet these changes are to take effect only on January 1, 1958. I shall be filling out my income tax return for the year 1958 some time before April 1, 1959. Therefore the minister will not be getting very much money out of me in the first three months of the fiscal year 1958-59. I know there are such things as payroll deductions, and at the end of January of 1958 there will be some. That will be the first month in which anyone will receive any pay in 1958. However, the employer has a month in which to remit his collections to the department.

Can the minister inform the committee as to what will be the actual cash loss to the treasury before the end of the fiscal year on March 31, as a result of the reductions he is now proposing? How much actually in cash receipts is the treasury going to lose before midnight of March 31 next? As I understand it, it will only apply in the case of those where the tax payments are deducted from their pay and the money is actually in the hands of the government before the end of March.

Mr. Fleming: I gave all that information on December 6. My hon. friend will find the table on page 2009 of *Hansard*. As for the

alleged deferment, the fact is that 70 per cent of all income taxes are paid on the deduction basis, and the benefits of the reductions will therefore be felt as early in the new calendar year as tables of deductions can be printed and circulated.

Mr. Regier: I was not asking whether or not people are going to feel the benefit in the first three months. I know that. I am very much aware that they will welcome any small relief they get. Were the figures the minister published based on three full months' returns, or were they based on the actual loss of cash revenue to the treasury?

Mr. Fleming: I gave all that information in detail. At page 2009 my friend will find the whole story as to what is the actual expected loss of revenue as of March 31, 1958.

Mr. Pickersgill: There is just one factual question I should like to ask the minister. Can he give a comparable figure to the one he gave recently for a taxpayer with a taxable income of $45,000 and four children for whom he enjoys the increased exemption?

Mr. Fleming: Four dependants?

Mr. Pickersgill: Not the same four children, but a similar four children.

Mr. Fleming: His tax reduction will be $242 on account of the increase in exemption for dependants and the decrease in the rates.

Mr. Pickersgill: $242?

Mr. Fleming: Yes.

Mr. Pickersgill: As opposed to $54 for the taxpayer with $500 taxable.

Mr. Fleming: Yes, because the benefit of the exemption, of course, is greater to the man paying a higher rate. Of course the percentage of reduction of tax to the man with the income, my hon. friend has just mentioned is only a very small fraction of the percentage of reduction to the man he spoke of earlier with the smaller taxable income.

Mr. Pickersgill: I understand that perfectly.

Mr. Benidickson: When the minister presented the tables he has referred to, as found on page 2009 of *Hansard*, I think he indicated that the reduction in tax revenues was estimated to be $17 million for the balance of the current year with respect to personal income tax, but I do not think he broke it down into the reduction that would be caused by reason of passing this clause and the subsequent clause. Can he give the committee some information on that division?

Mr. Fleming: If my friend will refer to page 2006 of *Hansard* he will see that the estimated loss of revenue to March 31 next on account of the increase in the exemption is $7 million, and I may say to him that the estimated loss of revenue to March 31 in respect of the decrease in rates is $10 million.

Clause agreed to.

Clauses 4 and 5 agreed to.

Title agreed to.

Bill reported.

Mr. Fleming moved the third reading of the bill.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, before the bill is given third reading there are one or two points that I believe should receive further consideration in the house. Earlier this morning I got an answer from the Minister of Finance with respect to what the bill will cost the treasury in respect of those in receipt of taxable incomes of over $2,000 per year. The minister stated, as I heard him, that there were approximately one and a half million taxpayers in this category. My arithmetic suggests that that figure multiplied by $30 comes to a total of $45 million per year. When the minister replied last night to my original question he had this to say, as found at page 2364 of *Hansard*.

> Mr. Chairman, it would be an entirely new theory of progressive taxation to say that when you get above the level of $2,000 of taxable income you are not going to tax everybody in the same way on his initial $2,000 of taxable income. That would be an entirely new theory.

Under most circumstances I probably would be quite willing to agree fully with that statement of the minister. However, I think we should realize that the effect of the bill, as the result of the consideration that has been given to it, falls far short of what the people of Canada were led to expect would be done by a Conservative administration, and that in the absence of a basic increase in the exemptions perhaps the consistency to which the minister refers is not as desirable as might have been the case under some other circumstances.

I think point is lent to the suggestion in the minister's statement that you tax everybody in the same way, by the features of the bill having to do with the rebate or allowance for board and lodging of construction workers. If the minister is going to hold himself out as championing the taxing of everybody in the same way in one clause of the bill, and then is going to ignore that principle completely in another clause of the bill, I think his consistency is very much open to question, to say the least. The minister has tried to suggest that the proposal

with respect to construction workers is a new and radical departure in legislation. As found at page 2327 of *Hansard* he said:

. . . at no time in the consideration of this matter has any question been raised as to any other persons.

I do not believe the bill should be allowed to pass without the attention of the house again being drawn to the fact that the question of allowing exemptions for board, lodging and travelling expenses in the case of workers who, because of their employment, have to live away from their regular homes has been brought up and considered many times in the house. Consideration was given to that matter by the house long before the question of this administrative bulletin No. 10 of the Department of National Revenue was ever brought up.

It is true that a good deal of furore arose across the country because certain groups of people were having certain concessions taken away from them, but I hope the minister understands that people may be a lot more vocal in their objections when they suddenly have something taken away from them which they have enjoyed than if they are attempting to secure the removal of certain discriminations and given something which they have not enjoyed before. I hope the Minister of Finance is not going to allow this subject to get shoved into the back corner of his mind somewhere and forget about it. If the minister is going to use the words he used last night in discussing clause 3, to the effect that everyone would be taxed in the same way, then those words are not going to be forgotten.

In discussing clause 1 the minister had something to say about the interpretation that would be placed upon this clause. At page 2328 of *Hansard* for December 13, 1957, he said:

I can only say to him—

He was replying to a question asked by the hon. member for Cartier.

—that the interpretation will be a matter for the Department of National Revenue, and having regard to the purpose of the clause I am quite satisfied that the department will endeavour to place a fair and ample interpretation upon it.

Now, we are faced with the position that this legislation is going to pass out of the hands of the Minister of Finance, who is introducing it, and into the hands of another department. I hope the Minister of Finance will see to it that the Department of National Revenue understands the wording of this clause. For example, I would suggest that he make sure that the Department of National Revenue realizes that the words "construction worker" should not be interpreted in such a way as to apply only to employees of construction companies.

As I pointed out last night, there is a very real distinction there. I attempted to bring to the attention of the minister some of the administrative difficulties I foresee in this connection. Nevertheless, if this house passes this bill as it stands, then I hope the Minister of Finance will make it clear that all construction workers in Canada, no matter for whom they are working, are going to receive the benefits of this amendment if the circumstances of their employment bring them within the terms of the bill.

Then, too, if that is done I can foresee that this question is going to be one with which the minister will have to deal on a more consistent basis, and he will have to include those who work in logging camps, mining camps, on survey parties and all other workers whose conditions of employment are identical with those of the construction worker.

The whole matter is such that those of us who come from constituencies where workers, as a matter of course, have to go into isolated areas away from their families, cannot help but feel that the government is being shortsighted in taking this step to meet this discrimination and injustice against wage earners, and has not seen fit to go much further with this concession.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, owing to the fact that yesterday I was engaged in a most important missionary enterprise I lost the opportunity of saying a few words on clause 1 of this bill. However, I do want to express support for the arguments put forward by my colleagues, and to express our appreciation of the fact that construction workers are at last going to enjoy this benefit. I should like also to urge that there are many others, as the hon. member who preceded me has said, who work under similar conditions. For instance, there are timber cruisers, construction workers who are building highways and camps for logging companies, survey parties and even highway crews of the various provincial public works departments.

This amendment carries with it very wide implications. I do urge the minister to give consideration to this when he introduces his next budget, so that all those who work under the same conditions as construction workers will receive this reduction in taxation.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I do not think I should allow this measure to receive third reading before I say a word or two. I have been fairly well

satisfied with the presentation of the arguments by my colleagues, but I am somewhat concerned that the minister has not categorically given us a full interpretation of who might be construed as construction workers. I am particularly interested in this interpretation, Mr. Speaker, because of the fact that in my constituency I have a large number of floating employees who are engaged in the oil industry. I am concerned that if the administration of this bill goes out of the hands of the minister and is put into the hands of the Department of National Revenue, there may be a narrow interpretation of the words "construction worker", and many of these people in my constituency might not receive the benefit of this amendment.

Before this bill is given third reading I should like a further explanation from the minister and his assurance that people who are engaged not only in construction in the narrow sense, but people in industries such as mining and oil, will receive consideration. I wonder if the minister could give this assurance to the house.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I am not so naive as to think our representations are going to have an immediate effect on this bill so far as logging and bush workers are concerned, but I believe it is in order for me to put on the record this letter that I received just today from a professional forester who is attached to one of the camps I cited as an example of the difficult position of bushworkers. This is from camp 226, Dorion, Ontario, the Abitibi Power and Paper Company. It is dated December 10, 1957, and is written by J. F. Adderley. He says:

—we the woods workers would like to know why—

Mr. Fleming: I take it my hon. friend is aware of the rule that private letters are not to be read into the record of this house without giving the full text of the letter including the name of the person who sent it. Can the hon. gentleman not state the effect of it without reading the letter?

Mr. Fisher: I gave the name of the writer, Mr. Speaker; is it not proper to give the contents? It is just a brief letter.

—we the woods workers would like to know why Mr. Fleming takes a single group of workers (construction) and states that travel and living expenses paid to construction workers living away from their homes and dependants will be exempt from income tax this year. Our camp is one of hundreds in which the employees live away from their families and yet have to pay tax on the value of free board and lodging. Why then does Mr. Fleming state only construction workers and not all workers who fall in this category?

[Mr. McCullough.]

Perhaps the newspaper has misquoted Mr. Fleming or we do not understand his meaning on the proposed amendment. Could you, Mr. Fisher, give us an answer on this vital question?

Respectfully yours,
Camp 226
J. F. Adderley

Mr. Fleming: Mr. Chairman—

Mr. Pickersgill: Has the minister the right to speak? I do not think he has on third reading. Am I not right?

An hon. Member: Every inch a sailor.

Mr. Pickersgill: I want to get the minister out of the country.

Mr. Fleming: This is one occasion when I do not mind.

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

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO INCREASE TOTAL OUTSTANDING LIABILITY

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce) moved the second reading of Bill No. 199, respecting the Export Credits Insurance Act.

He said: Mr. Speaker, the Minister of Trade and Commerce at the resolution stage gave a full explanation of the nature of this bill, and I do not think it is necessary for me to speak at any great length. I would, however, like to read the bill, which consists of only one clause. I would also like to read the explanatory note and then, quite briefly, I would like to read from the speech of the minister at the resolution stage, because I think it covers very concisely the points which hon. members would wish to have in their minds. Thereafter I would like to read also very briefly from an explanation with regard to the actual operation of the clause in question.

The single clause of Bill 199 says:

Subsection 3 of section 21 of the Export Credits Insurance Act is repealed and the following substituted therefor:

"(3) The liability of the corporation under the contracts of insurance entered into under this section and outstanding shall not at any time exceed *two hundred million* dollars"—

That is the change; the section now reads $100 million and the proposed change is to make it $200 million.

—and shall not be included in the liability of the corporation for the purposes of section 14".

I might interject here section 14 is the section which provides for ordinary insurance contracts, and section 21 is to be considered quite separate from section 14. Now if I might read the explanatory note:

Contracts of insurance issued under section 21 of the Export Credits Insurance Act are those which

are considered to be in the national interest, but which would impose upon the Export Credits Insurance Corporation a liability for a term or in an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country.

Subsection 3 of section 21 of the act now reads as follows:

"(3) The liability of the corporation under the contracts of insurance entered into under this section and outstanding shall not at any time exceed one hundred million dollars and shall not be included in the liability of the corporation for the purposes of section 14."

Section 14 is the section which provides for the limitation on the amount of business which can be done in the ordinary course, and it provides that it shall be limited to ten times the subscribed capital and surplus of the corporation, which at the present time stands at $20 million. Therefore the business under that section is limited to $200 million.

The purpose of this amendment is to increase from one hundred million dollars to two hundred million dollars the total liability that the corporation may have outstanding at any time under contracts of insurance entered into under section 21.

I would now like to read briefly from section 21 before I refer to the remarks made by the minister. This is chapter 105 of the Revised Statutes of Canada, 1952, volume II:

Where the minister reports to the governor in council that

(a) the board—

That is the board of the company.

—having regard to the limitations imposed by section 14, is of opinion that a proposed contract of insurance will impose upon the corporation a liability for a term or in an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country, and

(b) in the opinion of the minister it is in the national interest that the proposed contract be entered into,

the governor in council may approve of and authorize the corporation to enter into the proposed contract of insurance.

I draw to the attention of the house the fact that there must be a recommendation from the minister and then the contract must be approved by the governor in council. I continue to read:

(2) All moneys required by the corporation to discharge its liabilities arising under any contract of insurance entered into under this section shall be paid to the corporation by the Minister of Finance out of unappropriated moneys in the consolidated revenue fund.

(3) The liability of the corporation under the contracts of insurance entered into under this section and outstanding shall not at any time exceed one hundred million dollars and shall not be included in the liability of the corporation for the purposes of section 14.

I draw the attention of the house to the fact that in section 14 there is a special limitation provided, and I would now like to read quite briefly from the speech of the minister, recalling to the minds of hon. members certain figures which he gave and which I think are very relevant.

Mr. Argue: On what page is that?

Mr. Macdonnell: I am reading now from page 1867 of *Hansard*:

The purpose of this amendment is to increase the effectiveness of the Export Credits Insurance Corporation by giving it the necessary authority to take on liabilities of an additional $100 million, under section 21 of the Export Credits Insurance Act. Contracts of insurance issued under section 21 of the act are those which are considered to be in the national interest but which, in the opinion of the board of directors of the Export Credits Insurance Corporation, would impose upon the corporation a liability for a term or in an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country. All moneys required by the corporation to discharge its liabilities arising under any contract of insurance entered into under this section are to be paid to the corporation by the Minister of Finance out of unappropriated moneys in the consolidated revenue fund.

Section 21 of the act as it now stands limits the corporation's liability to $100 million. At the present time, liabilities under policies of insurance actually written plus commitments currently outstanding total $98 million in the aggregate.

That I think makes perfectly clear the need for an extension and the amendment proposed.

It is obvious that in order to have this section of the act continue its effectiveness, and to allow the corporation to insure additional business, it must be authorized to assume further liabilities, and I am therefore proposing that the amount of such liabilities be established at $200 million.

I would just like to read a little more:

Through the operations of section 21 of the Export Credits Insurance Act an increasing amount of export trade has been insured, and a considerable portion of it would not have materialized had it not been possible to have it insured. One hundred and six policies of insurance have been issued under this section covering exports amounting to $206 million. Insured export shipments which have been concluded and paid in full amount to $97 million. Insurance premiums paid on this business have totalled $1,659,191, of which $1,245,488 has been turned over to the receiver general and the balance of $413,703 retained by the corporation to meet its expenses and overhead arising out of the contracts of insurance issued under section 21 of the act. I am pleased to report that as yet there have been no losses.

He is referring, of course, to the operation of section 21.

I should now like to conclude by reading a very short extract from a small booklet which has been written to explain the operation of the act, and I read from that part which deals with section 21 because I think the rest of the act has to do with the ordinary course of business. But under section 21 I read the following:

For business to be considered under section 21, the exporter makes his application to the corporation in the usual way and such application is referred to the Minister of Trade and Commerce to arrange for a cabinet decision, and if the

application is accepted an appropriate order in council is issued authorizing the corporation to insure.

Hon. members will observe the way in which the operation of this section is safeguarded, and it will be clear, I think, to anyone that under the act the power to insure in this way is quite essential to the operation.

I just repeat before I take my seat that under this act there have been 106 policies coverings exports amounting to $206 million; that there have been repayments of $97 million and that the outstanding amounts insured or committed are $98 million. So we are right up to the ceiling, and it is not only desirable that this bill should be passed but that it should be passed very promptly because, of course, it is hoped to continue operations under it, and at the present time the authority is urgently needed.

Mr. Stick: Do I understand that every application for an export loan must have cabinet approval?

Mr. Macdonnell: Under this section, yes. Let me repeat what I read "for business to be considered under section 21 the application is referred to the Minister of Trade and Commerce to arrange for a cabinet decision."

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I do not propose to deal to any extent in remarks respecting this bill at this stage. On December 4 I made some comment respecting it. I would hope that my friend the Acting Minister of Trade and Commerce who is sponsoring this bill would, before ending the debate, explain to the house why despite his extensive objections to the amendments that were made to the act last spring relating to income tax liability, this bill does not reflect any of the recommendations which I would have expected him to have incorporated in it. The bill which is now before us simply changes one word and makes the liability under section 21 $200 million instead of $100 million.

I was pleased that the Minister of Trade and Commerce, when he spoke at the resolution stage on December 4, and the acting minister now both reported that with regard to insured export sales under this section loans had been insured, and therefore export trade assisted, in the amount of over $200 million. They both reported to the house that to date no liabilities have been incurred.

Mr. Macdonnell: No losses. The hon. member said "no liabilities"; I think he meant to say "no losses".

Mr. Benidickson: Quite correct. No losses have been incurred by the government under section 21. I just urge the new administration to administer this very useful section with equal wisdom, and I hope that under their administration the record will continue to be as splendid as it has been under the former administration. Hon. members probably do not realize that under the other regular sections of the bill, with regard to which the corporation itself makes decisions some $400 million worth of export sales have been insured and assisted. This special $200 million worth of export sales which have come within section 21 require specific cabinet approval. This is only what is before the house.

I did indicate to the house on December 4 that there was in some sections of the country some rather extravagant propaganda being spread as to the value of this particular amendment. I pointed out then that the maximum liability was being approached under an export insurance statute which had been introduced by a former Liberal administration and which had been on the statute books since 1944. This action is thus simply a routine matter to extend the maximum crown liability. I pointed out that the export sales assisted under this act which had been found very satisfactory to date, had been largely initiated by the former government.

I also pointed out that there seemed to be some conflict between the speeches which were made by the Minister of Trade and Commerce (Mr. Churchill) and the Minister of Northern Affairs and National Resources (Mr. Hamilton) to Regina audiences with particular reference to the value of this amending bill. The two ministers spoke on succeeding days in Regina, and the Minister of Trade and Commerce indicated that his forecast of wheat sales for the current crop year was 300 million bushels. The responsible minister, the Minister of Trade and Commerce, gave that figure. On the following day, in Regina suggesting that this legislation would be responsible, the minister of northern affairs (Mr. Hamilton) upped that figure by 50 million bushels.

The Minister of Trade and Commerce said to us, on December 4, when discussing this bill, that he saw no reason to reduce his estimate of wheat sales in the current crop year. As a matter of fact, Mr. Speaker, the records indicate that wheat is not the only commodity that is assisted by this legislation, which is aimed at increasing Canadian export sales. As a matter of fact a return was given to a question which I asked, question No. 207, and the Minister of Trade and Commerce reported to me and to the house that from January 1, 1957 to October 31, 1957 export sales amounting to $104 million had been assisted under section 21, which is being discussed and amended here today.

It just happens that out of this $104 million of export sales which received assistance to October 31 in 1957, some $80 million was in respect of aircraft and not wheat. So I simply draw attention again to this apparent confusion in the forecast of the value of this legislation, when two cabinet ministers on successive days report to the wheat growing areas of Canada in Saskatchewan differing estimates of the export sales which are likely to take place in the current crop year.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, the bill which is now before us to extend the permitted liability under the Export Credit Insurance Act is something that we in this group are quite pleased to support. This has been an instrument of some benefit in maintaining exports of wheat in certain areas where countries lack a supply of dollars.

I do not think the government should be satisfied that the bill now before the house, coupled with any other policy that it has announced to date, will be in fact sufficient to do the job. The truth is that we have a vast surplus of grain in this country which is a burden to the nation. One reason is that money is being paid out of the consolidated revenue fund toward the cost of storage and interest charges, but it is also a burden on the country because producers have to keep large quantities of grain on their farms and they must maintain buildings to house that grain, which is an extremely expensive proposition for them.

There is great need, in fact there is urgent need, to increase by a vast amount Canada's exports of grain. If we are timid in our attitude and in our policies as a country, and if we allow these large surpluses to remain in Canada, it is only a matter of time until we will have lost the economic value of the grain itself. Various estimates could be made, but it costs anywhere from 15 to 20 cents a bushel to carry grain from one year to the next. So if we are going to allow the grain to stay in the country rather than following an aggressive policy of selling grain it will only be a matter of five or six years until we, as a nation, will have sustained the loss of the value of that grain, because the value will have been eaten up by the burdensome carrying charges and interest charges.

The Export Credits Insurance Act has been of some value in the past, but I do not think it can possibly be the answer. As a matter of fact I do not think it is the answer even in the restricted field to which it applies, because we know that under this act the government has provided for the advance of credit on a rather short-term basis. I believe the longest term has been three years. As I understand it the total amount that has been provided for wheat by way of insurance under this act has been for the export of some 55 million bushels to date. That is just a flea bite compared to the huge surplus of grain we have on hand. This act as it now stands simply will not do the job.

There is growing evidence and there are increasing reports that there are countries in the world that would like to take wheat from Canada in increased quantities, countries that have not recently been buying large quantities of wheat, if they could obtain the grain on a long-term credit basis. I have recently seen reports in the press to the effect that Poland and Spain have been interested in buying substantial quantities of wheat from Canada. I do not suppose it is possible or advisable for the minister to give information and details concerning negotiations that may still be in process, and I do not believe any hon. member of this house would want to say anything that would interfere in an adverse way with those negotiations, but I do think the minister owes it to the house to tell us what is the government's general attitude in the field of long-term credit.

Mr. Speaker: Order. I think the hon. member will agree that this is a very narrow bill in principle. The only principle involved is whether the bill should permit the increasing of liabilities from $100 million to $200 million. As I understand it, the issue before the house and the principle of the bill is how much more money is needed to achieve the purposes of section 21 of the bill. The hon. member has been dealing with other ways of meeting the problem, and I just put it to him that as I see it we are debating a rather narrow subject.

Mr. Argue: If that is the case, Mr. Speaker, I suggest to the government that instead of bringing forth a measure to put an additional $100 million into this act, it should bring forward a measure to put $500 million into it, because $100 million simply will not do the job. As Mr. Speaker has now said, this is a very narrow bill—

Some hon. Members: Oh, oh.

Mr. Argue: —but he was not making any comment on the value of the legislation. Nevertheless we all realize it is a very narrow bill, so narrow that it will not achieve the desired result, and will not even do the job it was designed to do. I think it is in order to say that if this $100 million is confined to short-term credit or short-term insurance it should be made available for a longer period of time.

I certainly agree with the comments made by the hon. member for Kenora-Rainy River (Mr. Benidickson), that the ministers of this government are not agreed in their own minds as to what is the purpose of this bill. The Minister of Trade and Commerce, who should know, he having initially sponsored this bill which is now being piloted through the house by the Acting Minister of Trade and Commerce, said that with this measure it is hoped to increase exports of Canadian wheat to a total of 300 million bushels. But the Minister of Northern Affairs and National Resources has become highly enthusiastic, and decided that his knowledge of the Department of Trade and Commerce exceeds that of the minister in charge. He says it is not a bill that is going to result in increased exports of 50 million bushels of wheat, but rather that it will result in total exports of 350 million bushels of wheat.

May I call it one o'clock.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Argue: Mr. Speaker, at one o'clock I was saying that if the government was determined to move the great surplus of grain we have in this country I felt something more should be done, and that even under this act a much larger sum of money, a much larger guarantee, should be provided for such a purpose.

I have in front of me the Winnipeg *Free Press* for Tuesday, December 10, and in it there is an article entitled, "Ottawa Steers Clear of Long-Term Deals". The report goes on to relate some of the countries that are interested in long-term deals. I do not wish to transgress the rules, Mr. Speaker, and I am therefore not going to get into a discussion of any possible long-term contracts, but I must say that in recent days I have gleaned from press reports, and I have heard others say, that indeed there are a large number of countries that are looking to Canada for purchase of wheat if credit can be made available to them.

For example, I understand that Spain has been making inquiries—I understand this, anyway—for, one report says, 20 million bushels. Another report said 7 million bushels a year for some years, which would add up, I take it, to anywhere from 50 million to 60 million bushels of wheat. Well, if Spain has been looking for, or is even interested in, such a large quantity of wheat, or Poland is interested in a large quantity of wheat, I think it is a fair question to ask whether the provisions of the bill that is now before us to amend the Export Credits Insurance Act are sufficient to enable those countries to buy the large quantities of wheat that it is reported they are interested in buying.

If this act is sufficient to enable them to buy such quantities of wheat, well and good. If the government is prepared to make such contracts, then the government is to be congratulated on making them. On the other hand, if the present act is not adequate in its terms to provide for the longer term credit that those countries may wish to obtain, then I think the government should tell the house that that is so; that it needs additional legislation or additional powers to sign such contracts. I am sure that if the government needs such authority parliament would be prepared to grant it because I think there is one thing the people of this country from coast to coast are agreed on, namely that it is economic nonsense to keep the wheat in Canada over an indefinite period and lose out entirely in an economic sense, even though we can physically see the wheat five or six years from now that it is far better to get something tangible—even if it is by an extension of credit—in the way of a guaranteed return over a period of years than it is to keep the grain at home.

We in this group are quite prepared to support this bill, but we feel that the government under this act and under other acts, is going to have to do much more if it is to meet the problem at hand.

Mr. Benidickson: May I ask my hon. friend a question? With respect to prices, he is not advocating a fire sale?

Mr. Argue: Oh, no, not at all. I have not seen any suggestions anywhere, even by the countries that, according to the newspaper reports, are interested, that the price be decreased. As a matter of fact, I think the price is already too low. I do not think it is a question of price. To a country that has no dollars it does not matter too much whether you are asking $2.50, $2.00 or $1.50 for the wheat. If they have no dollars they cannot buy. The main problem is not prices. The main problem is to see that these countries obtain credit, or obtain the means to purchase our wheat.

Mr. Benidickson: Under this bill, yes.

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker,—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Jacob Schulz (Springfield): Mr. Speaker, in my opinion this bill is a very important piece of legislation and therefore I should like to say a few words before it receives second reading. It is designed to expedite exports, which is a very important matter at this time. I read in the *Gazette* this morning that Canada now has a deficit of $1,170 million. This particular piece of legislation would help to increase exports, and particularly the export of wheat.

Mr. Macdonnell: Will the hon. member permit a question. I am rather astounded by the last figure he gave of the Canadian deficit. When he uses the figure $1 billion, is he speaking about the trade deficit, or what?

Mr. Benidickson: Trade and services.

Mr. Schulz: Deficit in foreign trade. This legislation will be of particular importance with respect to the export of wheat. As I understand it, most of this money which is appropriated is intended to be used for extended credit to countries that want to buy Canadian wheat. We are confronted now with a billion bushels of wheat and I think it is very important that this legislation should be passed. But when you compare it with the size of the problem it is supposed to solve it is just too little.

I am again forced to express the same opinion that I expressed when we passed the bill having to do with cash advances to the farmers. I will vote for it under the assumption that something is better than nothing; but it is incredible that people should tackle one of our greatest problems in this country, which is publicly admitted to be the sale of our wheat, with such a limited measure which increases the liability under the act by another $100 million.

I think every hon. member has noticed in the press lately that many countries would like to buy wheat from Canada right now if they could get more credit and have the term extended. I just took a clipping out of the Winnipeg *Free Press* of December 10, and I should like to quote from it.

> Various European countries at one time or another have approached Canada seeking long-term credit arrangements to buy wheat. But the government has not wanted to take on such deals.
>
> Asking which countries would be interested in obtaining wheat under such deals one official said: United Kingdom, Belgium, Netherlands, Denmark, Norway, Sweden, Germany and Italy. There had been also tentative inquiries on occasion from Spain and Portugal.

Here is a whole list of countries that want our wheat and the only reason they cannot buy it is that they have not got the cash. Therefore I wish the government would approach this issue in a little more positive manner, increase the fund, as was mentioned before, to at least $500 million and at the same time extend the terms because according to the clipping to which I have referred it is evident that the terms are more important at this time than the amount. When we were at the resolution stage the other day I mentioned that I wished the Minister of Trade and Commerce (Mr. Churchill) would consider the proposal of extending the terms. Apparently nothing has been done in this regard. I am just a new member of the house and I do not know if something could be done now but I think it is such an important issue that we should discuss it more thoroughly and think it through before we pass the legislation.

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, I was very interested in the remarks of the hon. member for Kenora-Rainy River (Mr. Benidickson) and his going back a couple of years to a discussion in which I then participated with regard to a taxation feature of the measure. I do not propose to go back and review that again. In the first place, it is always possible I may have been wrong in what I said then.

Mr. Chevrier: That could not be.

Mr. Macdonnell: In the second place, we were discussing a question of taxation. The question was whether the provision then made was a deviation from the proposal made years before by the then minister of finance that those crown corporations that were engaged in ordinary competitive business should pay income tax in the ordinary way. The clause proposed a couple of years ago had reference to the fact that the Exports Credit Insurance Corporation could use its margin to increase its reserve and escape taxation in that way. But as the minister pointed out at that time it was possible to argue that the government got the money in one way or the other. If it did not get it by tax it got it in the other way as an operating margin, so I am not going back to review that.

I am grateful to the hon. member for his acquiescence in the measure. I do not propose to contravert what he said in praise of the operation of this measure by the preceding government. If we find any place where the preceding government has done well, we are only too glad to model ourselves on their action. I am not saying how often we find that—

Mr. Chevrier: You have done that pretty often now.

Mr. Macdonnell: —but I am admitting that we find it at times.

Mr. Benidickson: Most of this session you have just enlarged your predecessors' legislation.

Mr. Macdonnell: With regard to what the hon. member has said, I would merely add that we realize what we realized when we were in the opposition ourselves, that when a measure arises with which you are in full agreement it is sometimes a little difficult to find a great deal of a controversial nature in it.

I want to make some comments on what was said by the hon. member for Assiniboia (Mr. Argue). I could not agree more with what he said about the need and the urgency of disposing of our immense supply of wheat, but I do not believe there is anyone in the world who is more conscious of that than the Minister of Trade and Commerce (Mr. Churchill). He has been like a commuter across the Atlantic in the last two or three months. I am sorry the member is not in the house but I repeat that I think he can take it that the need and urgency are fully in the minds of the government and the minister. I would point out to him that we have what we believe to be competent and able people, both in the staff of the department and in the wheat board, people who are experienced salesmen, and we are, of course, guided by their advice.

It has been suggested by two members that what we are asking for is not enough. I would point out that the first $100 million did in fact last nearly ten years. It will be immediately objected that we did not have the situation we have now with our huge wheat surplus. I accept that but I also point out that we have and are thankful to have a considerable number of cash customers so that it is not wholly a question of giving credit to everybody. I do wish to say very earnestly that the government and the minister are fully seized of the necessity of moving this wheat.

Finally, in answer to the argument that this amount is not enough, I would say that if it is not enough we will be pleasantly surprised, and it is always possible to come back and ask the house to give us more credit if we need it. After weighing the situation the government has asked for $100 million. I gather that this will be gladly agreed to and I would point out that this represents the judgment of the government as to the amount to be asked for at the present time. I repeat that if it turns out to be too little there is nothing to prevent us asking for more.

[Mr. Chevrier.]

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

On clause 1—*Liability under contracts outstanding.*

Mr. Benidickson: Mr. Chairman, in past discussion of this legislation there has been some reference to what we on the left side of the chair felt was an inadequate desire to approach and deal with governments who have been reported in the press recently as being possible purchasers of Canadian wheat. I refer to past debates this session on the Russian trade group approaches, and even yesterday and today we have had references to Australia's possible grain requirements. Then there are some new possibilities such as from Poland and Spain. I feel that in answers to members on this side of the house the ministry has not displayed a properly aggressive selling policy in this respect. I assume that most of these approaches would require credit insurance. I would appreciate it if the Acting Minister of Trade and Commerce would say something about this matter.

I join with the hon. member for Assiniboia in saying that we do not want to embarrass current trade negotiations, but I think there has been a rather scandalous disregard displayed in answers given in this house on this very important matter relating to possible wheat sales. I think that we on this side have been fair and responsible. We have endeavoured to advance this legislation as rapidly as would normally be expected.

There is another question I should like to ask the Acting Minister of Trade and Commerce. Is there a maximum percentage related to total export sales volume up to which insurance would be provided by the crown corporation or even by order in council under section 21 applying to the Export Credits Insurance Act provisions?

Again, the hon. member for Assiniboia felt, and I agreed with him, that there was a new trend in the approach to such things as wheat sales which required credit over a longer term. Are there any regulations specifying the maximum term of credit with respect to government insurance of this kind? The final question to the acting minister would be, has he any comment to make with respect particularly to wheat as an export item? In answer to a question of mine, question No. 207, this session the Minister of Trade and Commerce indicated that in 1956 this section of the act had assisted the sale of 24 million bushels of wheat, and in the period of 10 months in 1957 to October 31, 1957 only 10 million bushels of wheat. Would

the acting minister care to comment on the general prospects of export trade with respect to wheat?

Mr. Macdonnell: Mr. Chairman, I was a little sorry to hear my hon. friend, whose language is usually so restrained, speak of scandalous disregard on the part of the government. I can only ask him to believe what I said a moment ago, that we have competent and able people and certainly there has been the strongest feeling as to the need for urgency. More than that I do not think it is useful for me to say.

I should like to point out in passing, however, that when we talk of credit, and I think Russia was mentioned and Australia, we should remember that Russia bought for cash and we would expect Australia to buy for cash. We must not talk, therefore, as if this were wholly a credit matter.

The hon. member asked whether there were any regulations specifying the maximum term of credit. The answer to that is no. It is a matter of judgment. It is a difficult matter, but the best judgment that can be brought to bear on it is brought to bear. The hon. member asked also the percentage of insurance under section 21. It is possible for the insurance to be 100 per cent under section 21, and under the ordinary contracts which are made under the other parts of the act, the usual maximum is 85 per cent.

Mr. Stick: The acting minister has mentioned the fact that Russia paid cash for wheat and he expected Australia to do the same. I may have misunderstood him, but surely if Australia wanted credit from us, we would grant it. If we make grants of credit to Poland and Spain, then we should grant credit to Australia.

Mr. Macdonnell: The question does not arise because Australia has not asked for it.

Mr. Johnson (Kindersley): I wonder if this amendment would now enable Poland and Spain, who have been asking for credit, to finalize their arrangements for the purchase of wheat? I do understand they want credit for these purchases.

Mr. Macdonnell: I have suggested before that members of parliament ought to have some confidence in those who are carrying on this business. As I say, they are able, experienced people who have been in the business a long time. I do request that I be not asked to diclose further details. I cannot see how it could help the situation, and I can see how it could hurt the situation.

Mr. Benidickson: I think I asked the Acting Minister of Trade and Commerce a question as to the regulations that might prevail with respect to the percentage of insurance that might apply to total export sales. I recall that this morning I gave the house the information that we had sales in 1957, up to October 31 of this year, in volume amounting to $104 million that had been assisted and insured under the provisions of this section 21. It is my understanding that of that amount almost $80 million represented sales of aircraft, not agricultural or grain produce. I believe also that the liability of the government under section 21 was approximately $22 million, having regard to that sale of $80 million of aircraft.

I asked, is there a regulation in effect—I should know this but I do not recollect it; and the minister has an official in front of him—is there a maximum under the regulations with respect to this section on the insuring basis of crown liability that would apply vis a vis the total export sale value and maximum liability to the treasury?

Mr. Macdonnell: I am informed there is no regulation limiting the amount. In the case the hon. member mentioned, of $80 million of sales to Germany and the $22 million of insurance, I am advised that deliveries were so staggered that the company exporting had not more than $22 million at risk at any one time.

Mr. Johnson (Kindersley): I quite appreciate the minister's reluctance to give out details of trade agreements under discussion. I am not asking him for details of trade agreements. However, I believe it is important that the countries of the world be acquainted with the fact that Canada, at least in principle, is agreeable to extending credit to countries who are in need of it. If this amendment will allow us to extend further credits to other countries, as for example to Poland and Spain, since they are currently in the news, I think it would be of considerable value to us in disposing of our grain.

Mr. Macdonnell: I must have been singularly unfortunate in my attempt to explain this act to the house, because I think the whole point of what we are doing is to put us in a position to extend credit in cases where we feel it desirable to do so. It seems to me that is the complete answer to the hon. member.

Mr. Johnson (Kindersley): At the same time, there has been very little indication, over the past number of years, that this act has been used extensively for wheat. It was pointed out in a return that $24 million was used—was it last year?

Mr. Benidickson: For 1957 it did not indicate appreciable credit for wheat, but in previous years it was mostly for wheat.

Mr. Johnson (Kindersley): In terms of the surplus supplies we have in Canada, it has been used to a small degree. The point I am trying to get across, Mr. Chairman, is that I believe the acting minister has indicated the dedication of the government to following these principles and I just want to assure him he certainly has my support and they can go to it with all the aggression they can muster.

Mr. Macdonnell: I am grateful to the hon. member for Kenora-Rainy River who, I understand, assisted me in my answers. The amount of wheat insured so far under section 21 is $118 million. This is a fairly respectable amount and, as I said, at the moment we are now seeking the power to insure $100 million more. As I also said that I would assume from the temper of the house if we have to come back and ask for more authority we will get it. If we have made it too low no one will be more happy to confess it than we will and to come back and ask for more.

Mr. Benidickson: I am sure the Acting Minister of Trade and Commerce will agree, however, that of the $107 million of insured export sales in 1957 up to October 31, 1957, under this section 21, practically all of it was under the administration of the former government. There is a slow-up in insured exports of wheat under this act since the new administration took over.

Mr. Macdonnell: Well I will not try to diminish the pleasure which the hon. gentleman gets from saying what he has said just now, but I would like to remind him that the very fact he has said so is the strongest reason for our coming and asking for more authority.

Mr. Argue: The minister says he will be quite happy if there is more demand for credit under the act than can be handled by the $100 million. It would seem to me whether the reports we are reading in the newspapers with regard to demand are right or not, there is interest in obtaining grain on credit in quantities that, even at the present time, would take up the whole $100 million. I am wondering if there is any other department of the government or any other act under which credit could be supplied to prospective customers for wheat, because it is obvious that the $100 million based on current prices for wheat, if you take into account the cost of shipment, is no more than enough to handle maybe 60 million bushels of wheat or something in that neighbourhood. If we could judge from the reports at all, we should all hope that much more could be considered on a credit basis than 60 million bushels and, as a matter of fact, I think that probably even the current situation is that countries are showing interest in obtaining wheat on credit in amounts that far exceed in total the $100 million that we have now under discussion.

Mr. Macdonnell: I think perhaps I can usefully say in answer to that, that I should remind the hon. member we should all be back here, happily together, on January 3 and if this happy situation which he outlines should come about in the interval, we would no doubt be able to get any necessary further authority.

Mr. Argue: Well, Mr. Chairman, if I can get a satisfactory answer to this question I will be done for today with this particular measure. Will the minister assure the house that the government is prepared to give sympathetic consideration to requests for credit for periods in excess of three years—even for periods of time up to eight or ten years—or is it a fact that the government says "unless the credit periods are three years or less, we shall have nothing to do with it."

Mr. Macdonnell: Mr. Chairman, I think I had better content myself with assuring the hon. gentleman of what I have already said, that we want to sell wheat; that we will do whatever we think is sensible in order to sell it, but I would ask the hon. gentleman to allow me to be relieved of the necessity of going any further and mentioning the terms and years such as he has done. He has got the evidence of what has happened over the years; he has my assurance of sympathetic consideration to any proposal for the selling of wheat, yes, but to go beyond that and specify years I think would be unwise. I think the hon. gentleman will have the good sense to know that if he were in my position that is what he would say.

Mr. Argue: Mr. Chairman, I do not think there would be anything wrong, as a matter of fact I think it would be all to the good, if the minister would say that, based on the merit of the application or the request, the government of Canada was prepared to sell wheat on credit for periods greatly in excess of three years. But that is not what the minister has said. I have not the Winnipeg *Free Press* here at the moment, but they have a report on the front page from their Ottawa correspondent on December 10 which very strongly suggests that the government is most reluctant to consider advancing credit on a long-term basis such as that being defined as 10 years or in that neighbourhood. As I say, I am quoting from memory but I could bring the article into the house in a moment. However, I think I have given a fair analysis of it. If I have the assurance of the minister

that the government will in fact give sympathetic consideration to a proposal—even if the proposal is for credit up to a 10-year period—I shall be quite satisfied.

Mr. Macdonnell: I always enjoy a conversation with the hon. member for Assiniboia, but I do not think I can usefully continue this conversation. I think all I should say is that I believe it would be very unwise in our negotiations with foreign countries to advise them in advance of our own views as to the lengths of credit.

Mr. Benidickson: I want to be sympathetic to the Acting Minister of Trade and Commerce; he was always courteous to me when we were on opposite sides of the house but when we asked the Minister of Trade and Commerce—when he was back in the house after one of these trade missions to the United Kingdom—he seemed to be uninformed with respect to the availability of possible purchases of grains from other countries whose trade missions were here in this country.

Would the Acting Minister of Trade and Commerce assure this committee, without embarrassment to him on account of customers with whom we might be dealing, that he as acting minister is endeavouring to receive these trade missions and give them the best possible opportunities that may be available for wheat buying, even under this legislation.

Mr. Macdonnell: I think I can assure the committee that every trade mission and every inquiry of any kind is being received by the Department of Trade and Commerce and the Department of Agriculture with the greatest sympathy.

Mr. Quelch: I would like to ask the minister whether or not this is the only legislation under which loans might be made to a foreign country to buy our wheat? I ask this question because when we were discussing the first item of the Department of Trade and Commerce, the Minister of Trade and Commerce stated that the government was giving serious consideration to the possibility of making grain available to nations who are not able to pay for it in dollars by purchases under long-term loans or perhaps even the acceptance of their currency. I assume that if that action were taken it could not be done under this legislation but that there would have to be special legislation for this purpose.

Mr. Macdonnell: Well it would be possible, of course, for the government to introduce special legislation if it was thought desirable. I do not think that is a matter to be discussed today. It is quite true that the Minister of Trade and Commerce discussed a variety of possibilities in his speech which was, I think, made on December 7. But going back to the other question, there can be the most absolute assurance that everything which comes before the wheat board and the department is given the most serious consideration. There is nobody in the world more anxious to sell wheat than we are.

Mr. Benidickson: Would the acting minister just indicate to the house whether or not in his capacity as acting minister for some time now because of the long absences of the Minister of Trade and Commerce he has had any personal contact with possible purchasers of large consignments of Canadian grain.

Mr. Macdonnell: Yes, I think I can give that assurance; absolutely.

Mr. Argue: Mr. Chairman, I am not satisfied that the government is in fact trying to do the things it says it is trying to do, namely to sell all the wheat that can possibly be sold. The reason I say that is this: Under this present measure—the $100 million being provided for credit—it would provide for the sale of only 50 or 60 million bushels of wheat.

The acting minister can state the number that it might be able to move if he wishes to. The reason, I believe, why they are thinking in terms of 50 or 60 million bushels of wheat is because the Minister of Trade and Commerce has himself stated that this is the amount by which they hope to increase sales this year as compared with last year up to a total of 300 million bushels, and also the fact that the Minister of Trade and Commerce said some progress had been made in discussions with the United States, and suggested that the United States program of barter would probably curtail Canadian sales to the extent of 50 million bushels. Then the hon. member for Acadia asked whether this particular provision was the one which would cover the acceptance of local currency, as was inferred by the Minister of Trade and Commerce a week ago when he said the matter was under active consideration. It would seem to me that his reply suggested very definitely that this was the only act under which this idea could be considered.

If I am right in all these things, it comes to this—that the Minister of Trade and Commerce has been saying that the government has under active consideration the acceptance of local currency, while the Minister of Northern Affairs and National Resources has gone across the country saying that the government has a plan which may increase exports to 350 million bushels. Yet we cannot get from the government today a simple

statement that the government is prepared to consider where necessary long term credit, that is, credit for periods in excess of three years, up to five years or ten years. I think this is a very simple request.

The Minister of Trade and Commerce made it perfectly clear in this house a week ago that there are certain countries in the world where increased sales on a cash basis are out of the question. He said that credit was required, and that the government was considering the matter. But it seems that all the present government has in mind is to carry on exactly the same policy as was carried on by the former administration, under exactly the same act and with the prospects of selling almost exactly the same quantity of wheat under its provisions, namely, 55 million bushels.

I say that the government has shown no imagination at all in the field of selling wheat, that it has shown no concrete results to date, and that the lack of explanation made on behalf of the administration today should be a matter of extreme concern to all those in this nation who derive their livelihood directly or indirectly from the movement of wheat to ports, terminals and so on, and an indication that the government is not doing any more in this field than the previous government did.

Mr. Harkness: Mr. Chairman, as I have been concerned to some considerable extent with efforts to try to dispose of our surplus of wheat during the past few months, perhaps I can say a word or two on this and give the hon. member for Assiniboia and others in the house something in the way of an assurance.

I think I can say definitely that the amount provided in this particular bill will not limit the amount of wheat which we may sell or will sell if we can find proper markets and make proper deals for it. Some hon. members opposite seem to have in their minds that the amount of wheat we can sell is going to be limited by the upper limit of this bill, but that is not so. If we can find a market and make the sales, the amount provided in this bill is not going to prevent the sale of any of that wheat. That can and will be provided for by other means. I should like also to assure hon. members that we have been exploring every possible lead which has come to us as far as the possibility of selling wheat is concerned, and that we are following up in the most vigorous manner possible every indication we get from any direction as to where there may be a market for wheat. And we are ready to receive proposals from any source and to consider them in regard to the terms of sale, and everything else along that line.

[Mr. Argue.]

Mr. Argue: Mr. Chairman, I am pleased to hear the minister say that we are not limited by the terms of this act in our efforts to sell wheat over and above the quantities which have been sold in the past, and that if there is a possibility of concluding a deal with any country for the sale of wheat which would need provisions in addition to this act, or outside this act, the government is prepared to take whatever steps may be necessary.

Would it not be a fact that if the government wished to sell wheat on a credit basis outside the provisions of this act the government would have to come to parliament for authority and for the necessary legislation? If that is not the case, perhaps the minister could tell us how such sales outside the present legislation could be financed.

Mr. Stick: I am rather confused. I know this country and, I think, the government, want to sell the wheat that we have in surplus, but when you have something to sell and you are going out to sell it you should have the terms under which you are going to sell ironed out before you ask the customer to buy.

It seems to me, from the course of the discussion so far, that you want to sell your wheat but you have not made up your minds under what terms you are going to sell it. I fully realize that when dealing with one country the terms may be different from those used in dealing with another country, but I believe that if the government is anxious to sell this wheat it should make up its mind under what terms it is going to sell —three years, five years, or ten years. You are out to sell wheat but you have not made up your mind on what terms you are going to sell it.

Mr. Macdonnell: I think I can assure the hon. member that there is nothing in that. We have experts—people who have been selling wheat around the world for many years—engaged in this work. They know their prices. They know what they want. What the hon. member says about wanting to sell wheat but not knowing under what terms they are going to sell it is quite wrong.

Mr. Stick: Can you tell us on what terms you are going to sell this wheat?

Mr. Macdonnell: There is a prevailing rate on the market. There are all kinds of considerations which enter into it. I am not here to give a lecture on the methods they use, but they sell hundreds of millions of bushels every year. They do not do that because they are ignorant of the terms under which they want to sell it.

Mr. Schulz: We hear a good deal about the willingness of the government to sell wheat. We hear that they are anxious to do it, but the fact still remains that sales have gone down since this government took office and they are still going down right now. What the government says is no comfort to anybody who must sit there and suffer.

I read a report in the Montreal *Gazette* this morning. It says that more ocean-going vessels called at Montreal during the season, that less general cargo was handled and that shipments of grain fell seriously.

If the government were only willing to tell this house what kind of measures they want to enact in order to increase these sales, some progress might be made; but the only measure they have brought out so far is this increase of $100 million, and I suggest this does not go far enough at this time.

Mr. Argue: Mr. Chairman, the acting minister has said that the wheat board has been in this business of selling wheat for years and that they are the people who should be able to sell the wheat. Now we have a concrete proposal before us that $100 million should be made available under the Export Credits Insurance Act. Having said those two things, without there being any indication that the government is prepared to go beyond the terms of contracts signed by the previous government and realizing that the government has failed utterly to provide any further increases under the Colombo plan, or any further grants for gifts or of food to famine-stricken nations over and above those provided by the last administration, it seems to me that we are forced to arrive at this conclusion: At least as of today the government has no new policy, in fact it has not got a clue as to how it can increase sales and its hiding behind the work of the Canadian wheat board as it has functioned in the past is not adequate at all. The wheat board does not sell wheat outside the scope of government policy. The wheat board sells within the framework of government policy and that policy demands cash sales. Many countries do not have cash so we keep our wheat and the nations that require it cannot obtain it and when the question of credit for a long-term period is raised in this house the government has no answer.

According to the Minister of Trade and Commerce the United States has taken 50 million bushels of wheat sales that otherwise should be ours through its barter deals but the minister's comment only explained 50 million bushels of the increased sales the United States had last year when it sold more than twice as much wheat as Canada sold, some 540 million bushels as compared with Canadian sales of 260 million bushels. This leads me to the conclusion that the United States success in selling more wheat, reducing its surplus by approximately 300 million bushels at a time when Canada's surplus has remained almost the same in spite of a very bad year, is attributable not to the barter policy to which this government has taken such great exception but rather to the fact that the United States sold wheat on a long-term credit basis. The United States gives up to 40 years in its credit provisions and this government cannot get beyond three years.

If we do not provide credit and fail to do anything to move the tremendous surplus of Canadian wheat I can only come to the conclusion I reached earlier today that we are in fact losing the total value of our surplus wheat because it is being eaten up by the burden of carrying charges and interest charges. The policy of allowing wheat to plug the terminal elevators, the country elevators and the farmer's bin is both shortsighted and inadequate. It is a policy of despair and defeat. As far as I am concerned that is the policy that exists today because the government has suggested no way of increasing our sales beyond 50 or 60 million bushels above the sales of last year.

Mr. Schulz: Mr. Chairman, the minister has pointed out to us that we have people in this country who are selling wheat. No doubt he meant the officials of the Canadian wheat board who are trying to do a good job. However, when we were discussing this measure at the resolution stage the other day I suggested to the minister that he should consider extending the term of credit. He replied that he had already considered doing that and had made proposals and discussed the question with the wheat board officials who turned it down. He said they thought it would not be the right thing to do. Who is the boss here? Is it the minister or the wheat board? Who is giving orders to whom? If what the minister said is not true the minister is engaging in a form of buck passing which I do not appreciate. If it is true, then it is even worse.

Clause agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Some hon. Members: Next sitting.

AGRICULTURE

MEASURE TO PROVIDE GUARANTEED PRICES FOR CERTAIN COMMODITIES, ETC.

The house resumed, from Wednesday, December 11, consideration in committee of the following resolution—Mr. Harkness—Mr. Courtemanche in the chair:

That it is expedient to introduce a measure to establish a system of guaranteed prices for certain agricultural commodities to be named therein and to provide that prices may be guaranteed for any other agricultural commodity or commodities as named from time to time by the governor in council, such measure to include: provisions for the establishment of a board and an advisory committee, the appointment of members thereof and employees and the payment of their salaries and expenses; provisions for the payment of administration costs and expenses; provisions establishing a revolving fund in the consolidated revenue fund and authorizing expenditures therefrom for the purposes of the proposed measure not exceeding in the aggregate two hundred and fifty million dollars in addition to the expenditure of the proceeds of sale of agricultural commodities and other revenues derived thereunder; and such further related and consequential provisions as may be necessary to give effect to the foregoing system.

Mr. Gardiner: Mr. Chairman, when ten o'clock came the other evening when we were discussing this resolution the hon. member for Meadow Lake had the floor. He is not here today and therefore I want to take the floor for a few minutes to state our position as we see it at the moment.

We had hoped that we might have been able to have the bill before us at the end of the previous sitting when we were discussing the resolution. We feel that it is almost impossible to discuss the resolution intelligently or even to discuss the system it proposes until we have seen the bill. Not having had an opportunity of examining the bill we do not feel inclined to carry this discussion any further unless something arises in connection with it which would make it necessary for us to do so. As far as this particular group is concerned we think we should get along with the adoption of the resolution at the earliest possible moment and have the bill distributed. If it is possible to distribute it immediately it would be most helpful but if it is not then we would hope to have it brought in at the earliest possible moment. If the minister could give us to understand that there is a possibility of having the bill distributed shortly it would shorten the discussion a great deal as far as this group is concerned. We do not intend to discuss the question further if we could have the bill brought down now.

Mr. Harkness: Mr. Chairman, I can give the assurance that as soon as the resolution stage is completed the bill will be brought down as soon as it is possible for the printers to print the date on the bill. It would then be distributed immediately, within a matter of a few hours. As a matter of fact, I could distribute some of the preliminary copies of which I have a few to the leaders of the various parties as soon as we complete the resolution stage.

I appeal to hon. members to follow the course of action which has been suggested by the right hon. member for Melville. I think it would be a great advantage if the bill were in the hands of hon. members, farm organizations, farmers and other interested parties so that all could study it and see what it contains. It would avoid a great deal of discussion on what you might call false trails if this were done.

It seems to me there is a lot of genuine misconception in the minds of many people as to what this bill proposes to do and what it contains. Therefore, the sooner it gets into the hands of people who are interested the sooner they will be in a position to assess what the bill actually contains and what it is possible to accomplish under it.

There are two basic misconceptions which I should perhaps mention. There seems to be the idea in the minds of many people that what I called the basic security feature of the bill, that is the provision that under no circumstances should the prices for certain key commodities be allowed to go below 80 per cent of the base price, was a provision that the only thing provided was 80 per cent of the average price which has prevailed during the preceding three years. I know a lot of people have seized on that as though it were the only feature in the bill, as though it were the only thing it contained and as though it were the main feature of the bill. It is not the main feature of the bill at all, Mr. Chairman, it is just an ultimate security measure written into the legislation so that farmers will never again be in the position such as they have been in the past where the prices fell to half of what they were, fell very rapidly to a fraction of what they had been or some other very drastic decline like that. That is the sole purpose of that part of the bill, the basic security feature of the bill.

The main part of the bill, actually the important part of the bill, is the provision to provide for a guaranteed yearly price on commodities as those prices may be required. Now I think a good deal of the criticism which has been made in the house and which as a result has got into the newspapers and I think given people incorrect ideas is that because a three-year moving average is used as a formula in the bill to determine the base price, and because of the

fact that during the past three years the average prices have not been satisfactory as far as many farmers are concerned, this means that the yearly guaranteed prices as set out in the bill are going to be extremely low, and so on. That is not so at all. The base price, based on the three-year moving average, is the particular type of formula employed because it is the only formula under which you can have a really flexible price support program.

Any price support program which attempts to use as its formula a base period in the past and apply an index to it, and so forth, immediately gets you into a rigid formula. I think the experiences of all countries in the world demonstrate the fact that a rigid formula just does not work. In that connection I think perhaps it might be interesting to give a couple of paragraphs from a preliminary report on the food and agriculture meetings in Rome which were concluded only two or three weeks ago. I will just read this:—

Mr. Knowles (Winnipeg North Centre): On a point of order, before the minister goes on, I wonder whether the loud speaker system in this house is working properly. This sounds to me like the voice of the former minister of agriculture, but it seems to be coming from the government side of the house.

An hon. Member: The hand of Gardiner.

Mr. Harkness: The hon. member for Winnipeg North Centre has great difficulty in understanding anything that he does not want to understand and he has great ability to hear things which he wants to hear and not to hear things which he does not want to hear.

Mr. Knowles (Winnipeg North Centre): But what the minister is saying is the same line I have heard over the years.

Mr. Harkness: Let me read just two paragraphs from this report of the Food and Agriculture Organization conference in Rome.

Mr. Argue: Read your campaign speeches.

Mr. Harkness: I read:

> The most far reaching action on the part of the conference was the adoption of the resolution on agricultural support measures. The discussion preceding the presentation of the resolution centred on the factors contributing to the current surplus problems. Some of the delegations stated that in many instances support legislation, if not entirely responsible, contributed to the surplus problem.
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> The originator of the resolution was Denmark. Canada and New Zealand contributed to the final phrasing. There was general agreement on the need for this type of action. The resolution calls for the spelling out of priciples to serve as guidelines for use by member governments in establishing or reviewing their agricultural price and income support policies. The purpose is to ensure that such policies will be effective in achieving the objectives of ensuring a reasonable level of income for farmers as compared with other sectors of the community, but, at the same time, will have minimum adverse repercussions on the pattern of production and trade of other countries.

I am told that one of the great concerns—and I found this out in the three days I was there—was the way in which support policies in some countries, and particularly that which had been in effect in the United States, had tended to disrupt international trade in agricultural products and had an adverse effect on the agricultural economy of a considerable number of other nations. I do not want to go on any longer at this point in regard to this matter, Mr. Chairman; but once again I would ask hon. members to consider the advisability of passing this resolution and thus enable the bill to be distributed.

Mr. Argue: If we act on this request and do that this afternoon can the minister give us the assurance that the bill will be referred to the agricultural committee so that it can be studied in all its details? The minister then will have full opportunity to demonstrate by hearing evidence from the farm organizations that they feel that this bill is in fact a good one.

Mr. Harkness: No, Mr. Chairman, I cannot give that assurance. If what the hon. member proposes was done this bill would not be through for months.

Mr. Argue: That is not true.

Mr. Harkness: In other words, if the bill were sent to the agricultural committee and we had there a full discussion of various types of what support policies might be put into effect and their advantages and disadvantages and so forth, it would certainly take weeks and, I am sure it would take months. The total effect would be that the bill itself would not be through and it would not be possible to put it into effect and the farmers of this country would not get the benefits of it.

The assurance I will be very glad to give the hon. member is this. I would be glad—and I think it is a thing that should be done—to have the agricultural committee make a study of price support systems and legislation as they exist in various countries, projected systems, and so forth—

Mr. Argue: We want it in Canada.

Mr. Harkness: —and, as a result of a study of that sort there would be much greater knowledge in regard to these matters. It would be a great advantage at the next session of parliament to devote several weeks of the time of the agriculture committee to a

study of that kind because certainly this matter of support legislation is one of the matters on which there is perhaps more misinformation and lack of knowledge in regard to the situation which exists as far as systems which are in effect and have been in effect for years in various countries than there is on almost any other subject.

Mr. Bryce: Mr. Chairman, I have listened very attentively to the Minister of Agriculture and to his plea that nobody else should speak on this so that the bill could be brought in and distributed. I have been sitting here waiting to say something on this for quite a while—

Mr. Harkness: I should like to assure the hon. member I shall be glad to hear what he has to say.

Mr. Bryce: Thanks very much; the minister is very kind.

Mr. Harkness: I am always glad to hear what he has to say.

Mr. Bryce: What I am going to say has to do with the way I understand the resolution and is by way of offering a little criticism. I think the minister could have done a better job because when one compares this resolution with that introduced by the hon. member for Melville in 1944 there is not very much difference. They are practically the same. The only difference is that another $50 million has been added to the fund. Of course, that is only reasonable because everything is up about 25 per cent or more since 1944 and so more money is needed to carry out what you want to do.

The first thing that worries me about support measures is that floors immediately become ceilings and the only person who suffers is the farmer. If the minister is not going to make any more use of the legislation than his predecessor did I do not think there is much use in worrying about it. We used the other legislation at the time of the foot-and-mouth disease and although it was never meant for that it was a Godsend at that time. A good job was also done in maintaining the price of butter for the people who are milking cows. Other than that the legislation introduced by the minister's predecessor never served the purpose we thought it was going to serve.

The minister talks about guaranteed prices. The price for the next year is to be established on the basis of the average for the past three years, but the unkindest cut of all is that after the prices have been set the government is only going to pay 80 per cent of such prices.

[Mr. Harkness.]

Mr. Harkness: No, I have said fifty times that is not right.

Mr. Bryce: That is what you told us.

Mr. Harkness: No, I did not tell you that. I told you the opposite.

Mr. Ellis: That is all you are guaranteeing.

Mr. Argue: The rest will be a political price.

Mr. Bryce: If I am wrong and you are not going to pay 80 per cent of parity then I am delighted because I do not think 80 per cent of parity is fair at all.

Mr. Argue: It is 80 per cent of nothing.

Mr. Ellis: It is 80 per cent of a low price.

Mr. Bryce: Well, 80 per cent of a low price makes it worse still. The minister talks about forward prices and says that they are going to be set in the first three months of the year. I hope the minister is listening to me so that he can correct me. He says that forward prices are going to be set in the first three months of the year. What are you going to do about cattle? When a cow is bred the farmer should know what he is going to get for the calf three years hence or it is not a forward price. When he breeds the cow he will then know exactly what he will get for the steer or the heifer on the hoof at such and such a time. A year may be all right for sheep or hogs but when it comes to cattle it is no good whatever. You have got to have at least three years. I hope the minister will take that into consideration.

I have a lot of friends in the House of Commons and I talk to them about different things. Many of them are against controls. If you are going to bring in a workable support price policy there will have to be controls. I have never been against controls. During the war we had controls and our farmers got a better share of the national income than they got either before or since. The producer, the packer and the consumer all got a fair pound of flesh in turning the live animal into food.

Look at the beef we produce. Look at the hogs we produce. We did produce millions of pounds of pork and, may I say, the finest pork in the world today. There is nothing to beat Canadian bacon. That is the way I like controls. Everybody gets a square deal and, as I said, during the war our farmers got a better share of the national income than they have before or since.

I hope the minister will tell us what use he is going to make of the experimental farms in order to advise the farmer as to how much it should cost him to produce animals. That is their business. You do not need to grab

something out of the air and say that the cost should be so many dollars. Let us get the facts and find out what it costs to produce a hog. If you will then allow the farmer his wages he will be satisfied because at the present time he sometimes does not get the price of the feed he puts into the animal.

I do not know what you are going to do about cattle. Today you have steers up to 1,000 pounds in choice, good, medium and common grades. You have steers over 1,000 pounds in choice, good, medium and common. You have heifers in good, medium and common. You have cows in good, medium and common and you also have canners and cutters. Then you have replacement cattle. You have calves. How are you going to set the prices for them? Are you going to establish a board of livestock commissioners like the board of grain commissioners in order to do that job and to see that the farmer gets a square deal under the price policy?

I have mentioned the various grades. The only thing that the housewife buys is beef. There are nine or ten grades of cattle and the only thing she buys is beef. There are nine grades of pork including "A" hogs, No. 1 sows, No. 2 sows, heavy and extra heavy. A housewife does not go into a butcher shop and ask for a piece of No. 1 sow or extra heavy. She asks for a leg of pork. The thing is ridiculous. I hope the minister is going to be able to straighten it out in a way that it has never been done before.

I have other friends in the House of Commons who say to me, "Scottie, if you got your way you would take away the independence of the farmer." My goodness, what independence has the farmer left today? When he sells his hogs what does he do? He gets hold of a trucker, loads the hogs on the truck and tells the trucker to take them to a certain packing company. What does the farmer do? He sits at home and waits until the cheque comes. When I first came to this country about 40 years ago the farmer had some say in the sale of his produce but today he has absolutely no say in what should be done. The hogs are taken to the packing plant, he never sees them again and he gets a cheque. If he is satisfied he is one of the lucky ones. If he is dissatisfied there is nothing he can do about it.

I read the minister's remarks in *Hansard* when he used eggs as an example. As found at page 2187 of *Hansard* of December 11, he said:

> Let us say that the average wholesale price of eggs in 1954 was 45 cents a dozen. In 1955 it was 50 cents a dozen and in 1956 it was 55 cents a dozen. The base price for 1957 then would be the average of these, that is 50 cents a dozen.
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> Then let us say that the average price in 1957 was 60 cents a dozen. The base price for 1958 would be the average of prices for 1955, 1956 and 1957, that is, of 50 cents, 55 cents and 60 cents respectively, which would give a base price for 1958 of 55 cents a dozen.

The example which the minister gave us was a rising market, but if it had been a falling market just imagine where we would be. I have to do a lot of thinking about this 80 per cent of parity, but if eggs were 60 cents then, as I understand it, you would only get 80 per cent of that, so you would only get 48 cents a dozen for the eggs. There is no parity at all, but I am giving the minister the benefit of the doubt. I do not want to fall out with the man.

Mr. Johnston (Bow River): Do you expect to get a better price for those hogs?

Mr. Bryce: I should like to spend a couple of minutes discussing turkeys. I appealed to the right hon. member for Melville when he was minister of agriculture to do something about turkeys. He never took me seriously enough to do anything about them. The day is coming when something will have to be done about them. If a turkey producer belongs to a co-operative organization he has solved the problem by getting the best price he can under existing conditions. However, let us consider the position of a man who does not believe in co-operatives and who has to sell his own turkeys. I am going to give you an example of what happened to a neighbour of mine. I will not tell you his nationality, but he is one of these canny individuals who has never been known to sell a hen on a rainy day.

This neighbour had 50 turkeys to sell, so he took them to Winnipeg. Hon. members know what it is like to sell turkeys. The buyer says, "Lay them out", and you lay them out and he says you have 20 A's, 20 B's and 10 C's. This friend of mine, whose nationality I have not told you, said, I will leave the A's but not the rest because I would not like anybody to eat a B or a C turkey that I raised. He picked up the B's and C's and sold the A's. He took these turkeys to the next big produce outfit and said he had turkeys to sell. He spread them out and the fellow looked at them, you know how they do, and said, "You have 10 A's, 10 B's and 10 C's." This chap told the same story, that he would not like anybody to eat a B or a C turkey, and he would take them home. He had 20 turkeys left, so he did the same thing with the next buyer who told him he had 8 A's, 8 B's and 4 C's. He

left the A's, and at this point he has got rid of all his turkeys, on a grade A basis, except 12.

Mr. Herridge: This is not by any chance the hon. member?

Mr. Bryce: I would never tell you if it was. He disposed of his turkeys at the best price he could get. He has made a study of it, and he has done the very best he can. Satisfied he has done the best he can, he returns home. He has played the marketing game as it is practised today.

This resolution in the name of the minister is very much like the act that is now on the statute books. It does not do enough for the farmer and the minister's promise of 80 per cent of something—I have to look that up—certainly will not meet with the approval of the farmers I represent in the constituency of Selkirk. I want to ask the minister to give serious consideration to bringing the farm organizations to the agriculture committee. I am sure that if this bill is half as good as the minister makes it out to be, the farmers will take it because they are like drowning men and will grab at a straw now.

Mr. Harkness: I must say that the hon. member for Selkirk was well worth listening to; I am sure we all enjoyed him. Quite a number of the points he mentioned are things which have nothing to do with a price support measure. They were marketing and grading problems and are not directly related to a measure of this kind.

Now, the only reason I am on my feet again, Mr. Chairman, is that the hon. member has not understood my explanation. I must apologize for the fact the explanation was not clear as to the various types of prices mentioned by me in introducing this resolution. I should like to make the point that the base price is arrived at by taking the average of prices for three years previous, and is used the same as a foot rule is used in measuring length. In other words, it is a measuring device to a large extent and therefore one should not try to put a great deal of emphasis on the particular type of measuring device. In some other support price formulae you take a base period, we will say as it is in the United States, from 1910 to 1914, then you apply an index to it; you apply another index and so forth and eventually you arrive at something that not one farmer in a thousand is able to understand. While this system might appear complicated, I can assure you it is a marvel of simplicity in comparison with some of these support price formulae and plans. In any event, the purpose of that base price is really to serve as a measuring device, to give you something to which to relate the actual price set. In other words, just as you would use a foot rule to measure distance, you use the base price to a considerable extent and you arrive at it by applying the three-year moving average formula, as something to which to tie the other price.

Perhaps I could put it this way so the hon. member would understand it better. There are two types of support provided for at two different levels altogether. There is, as I said before, the ultimate security feature, the fact that written right into the measure is a provision that, so far as certain basic commodities are concerned, they must be supported at all times at 80 per cent of the base price. We have never said this base price was parity. I do not want any misconception in anyone's mind that I am trying to maintain the base price is a parity price. I have never said so. I have never attempted to convince anybody of that fact.

Mr. Ellis: We were promised parity prices.

Mr. Harkness: If hon. members would allow me to finish, it would be better. They seem to be concerned with trying to confuse the issue instead of trying to enable people who do not understand what the measure provides to get a clear picture in their minds. This is a mandatory floor price which is provided for right in the bill, and it must be in effect at all times, that is, 80 per cent of these base prices. As I say, that is what you might call the ultimate security measure in the bill. Then the bill provides for the setting of yearly guaranteed support prices. As I said a little while ago, that is really the important feature of the bill. I would hope hon. members would not continue to talk of this bill as though it provided for 80 per cent of the average of the last three years, and so forth, because that is absolutely incorrect.

Mr. Quelch: That is the only guarantee, is it not, the only absolute guarantee is the 80 per cent?

Mr. Harkness: It depends upon what the hon. member for Acadia means. It is the only absolute guarantee written into the legislation, yes, but the important thing is this, there is also the guarantee that the legislation provides, as I say, for the setting of these yearly prices, and that is the forward pricing feature which has been requested for many years. I would like to say further that you cannot have both your cake and eat it. If you want, and if the farmers want a rigid price support formula then they have to accept the fact that only a very limited number of products can be or will be supported.

That is the situation in the United States. They produce in that country 250 different farm commodities. How many of those commodities are under price support in the United States? I will tell you how many—thirteen, that is all. Thirteen commodities, plus dairy products and wool. That is the position this year. Of all the commodities which are produced in the United States only 13 are under price support. As a result of that rigid type of price support policy, four-fifths of all the money which is paid out for the price support program went to one-quarter of the farmers. Only one-quarter of the farmers secured four-fifths of all the money paid out.

Now if you attempt to apply a rigid price support program you immediately run into this difficulty, and it exists not only in the United States but in every other country which has tried it or which has it in effect. You can only support a very limited number of commodities. If you want a system under which you can support every farm commodity you must go to a flexible price support program, and that is what we have done as far as this is concerned.

We wanted to have a program under which you could have a support for every agricultural product produced in Canada and the only way in which you can do that is by means of a flexible program of this type or some other type of flexible thing, a program such as we are proposing to put into effect. As I say, if people talk and continue to talk about a fixed price formula—a rigid formula—it means they are actually talking about trying to support the prices of just a very few commodities. The only way in which you can support every commodity is under some flexible type of program.

Mr. Pickersgill: Will these prices be set by order in council?

Mr. Stefura: I understand the basic price is developed and that the floor price will not go below that but, on the guaranteed prices, is the advisory board going to be working on a definite formula as to whether the rate arrived at will be 80 per cent, 90 per cent, 100 per cent, or 120 per cent of the basic price? Are they going to be working on any definite formula?

Mr. Harkness: Well, as I think I indicated when I introduced this measure, the procedure envisaged is this: during the first few months of each year, the first step would be for the agricultural prices stabilization board to assemble the statistical information from the last year and determine what the base price would be.

Mr. Stefura: But there is no definite formula?

Mr. Harkness: Well, yes. That, as I say, is on the three-year moving average formula. They establish a base price on that formula. All right, then the advisory committee is called in and they make their recommendations as to what commodities should be under the guarantee prices for the following year.

Mr. Stefura: There is no formula though?

Mr. Harkness: Now, just a minute—as to the level they should be under and the recommendations they make as to the level they should be under, that would be as a percentage of the base price and the percentage might be 90 per cent, 100 per cent, 110 per cent. It could be any percentage for that year except that for the basic or key commodities it must be more than 80 per cent.

Mr. Stefura: But there is no definite formula which they would use to arrive at whether it should be 80, 90, 100 or 110 per cent of the basic price?

Mr. Harkness: There is no rigid formula, no. You are getting back to this idea of a rigid formula again. There is no rigid formula which they must follow but here are the factors which they would use in arriving at this formula: (a) estimated cost of production on the average efficient farm; (b) supply of commodity; (c) prospective domestic and export outlets for it; (d) price levels at which other commodities are being supported. In other words we want to have some relation, which has not existed in the past, between the price support, say on hogs, and the price support on dried skimmed milk or anything else.

Then there are: (e) historical price information; (f) disposal and storage problems. In other words a commodity which is extremely perishable and for which there are no storage facilities you could not support at the same level at which you could support a commodity, such as butter, which can be stored quite readily for long periods and for which there are storage facilities. Then: (g) perishability of the commodity—another very important factor—(h) the length of production cycle—which is the matter the hon. member for Selkirk mentioned—(i) the availability of funds; (j) the number of producers affected. Of course with a commodity in which very few producers are affected, you could if you wanted to, support it at a very much higher level than you could support a commodity in which there were millions of producers, or it might be better to say hundreds of thousands of producers. Then, (k) the regional nature of the problem. You

have a very big difference between the different regions of this country. Those are the factors which the advisory committee of the board and the government would consider in setting the level of the guaranteed price.

Mr. Quelch: Would the minister explain a statement of his which appears at page 2187 of *Hansard* as follows:

> Provision is made that the guaranteed price may be made effective by the board, which the act provides for, through it (a) purchasing the commodity, (b) paying deficiency payments and (c) making such other payments as the governor in council may direct.

He never explained just how those deficiency payments are going to be made.

Mr. Harkness: That would depend entirely on the commodity. Under the existing agricultural prices support board, there were two methods provided for supporting prices. One was by means of deficiency payments which was used during the first two years and I think was the only method used during the first two years when the board carried on operations in 1946 and 1947. I have forgotten upon which commodities it was used.

Mr. Gardiner: It was used on butter for the last two years right up until the time we went out.

Mr. Harkness: No, the right hon. gentleman says it was used on butter, but it is not used on butter.

Mr. Gardiner: It is not now but it was when you came in.

Mr. Harkness: No, it was not, and it has not been used on butter for many years—

Mr. Gardiner: Yes, it was used in the last two years.

Mr. Harkness: —if it ever had been.

Mr. Gardiner: We will demonstrate that when the time comes.

Mr. Harkness: The method which has been used and developed under the Agricultural Prices Support Act has been the method of purchase in the market. That is what has been done with butter. The agricultural prices support board has had a standing offer to purchase butter at 58 cents per pound for the last three years approximately.

Mr. Gardiner: All through the period of seven years.

Mr. Harkness: It has been around that price for several years longer than that, but it has varied a little from the 58 cents at different times. Butter has been supported by that method, the method of purchase. Those are the two methods which have been used. We have added here a third provision —any other method which the governor in council may authorize—and we have added that purposely, because there are some commodities the prices of which you can support and a reasonable return can be given to the farmer only by some other method such as perhaps a flat payment.

Mr. Olson: Mr. Chairman, I should like to go along with the minister's suggestion that we get through this resolution stage as quickly as possible so that we may have a look at the bill. There are, however, a number of things I should like to say which could appropriately be said at this stage. Last Wednesday, was, I think, a sad day for the people of Canada who are dependent on agriculture for their livelihood. Many hon. members, particularly the hon. member for Acadia, clearly showed why the agricultural industry needs some solid, workable and helpful legislation now. I am not going to go over that ground again on this resolution stage. However, members from many parts of the house have indicated disappointment with the explanation of the resolution given by the Minister of Agriculture, or perhaps I should say not with the minister's explanation but with the contents of that explanation. I am afraid that individual farmers and farmer organizations are also feeling the pangs of disappointment. There is one thing I think we should remember, and that is that if we are disappointed now we had better brace ourselves for what is still to come. Only a few short weeks ago we had another resolution before us, and at that time, from the minister's explanation we thought we had a fairly good bill. I am speaking, of course, of the bill in regard to cash advances. But when the bill was brought in, what a disappointment it proved. It was tied up and tangled up with conditional regulations so that very little genuine assistance was provided for grain producers. In that regard I have a news report here from the Lethbridge *Herald* which is headlined: "No Rush in South for Cash Advances". If the bill which is to follow this resolution is to be a disappointment in relation to the resolution to the same degree as the bill following the cash advances resolution was, then, as I said, brace yourselves.

This resolution is in my opinion, not materially different in any way from what we have already in the statute book, and if anything it will be of even less help because it exempts things such as oats and barley which the prices support act in chapter 3 did not exempt. We will have to wait to see the bill, but if this is supposed to be part of the Conservative program to see that agriculture gets its fair share of the national income, then I think this legislation can be summed up in

one sentence by saying that the Conservatives must be of the opinion that agriculture has already got too much.

This brings up the question of what we in the opposition should do about this legislation. I think we have several alternatives. In the first place, possibly, we should get this into law as soon as possible so that the farmers may be able to see and judge for themselves the weaknesses of this Conservative policy. On the other hand, we should try, possibly, to stop it or to delay as much as possible so that the government may not feel that it has discharged its obligation to agriculture. However, I think that in the interest of agriculture we should possibly try to prevent this from superseding what is already on the statute books, because weak as that agricultural bill is it appears to me that it is better than this one.

The minister has said we do not understand this measure but I am sure we understand it only too well. If it only provides 80 per cent of what is already too little, I see no advantage in passing it at all. The hon. member for Winnipeg North Centre says this is possibly another case of delayed action to get the Conservatives past the next election. Just for one minute I should like to make some comparisons between the minister's explanations of the resolution and what we already have on the statute books. In section 9 it says this under the heading "Powers of the Board":

> To prescribe from time to time, with the approval of the governor in council, prices at which the board may purchase agricultural products in the market.

I should like the minister to explain to me whether that is materially different from what he has called forward prices. They already have the power to establish forward prices if they wish to do so. And further down, it reads:

> (c) To pay to the producers of an agricultural product directly, or through such agent as the board may determine, the difference between a price prescribed by the board with the approval of the governor in council for such product and the average price, as determined by the board, at which such product is sold in the market during a specified period if such average price is below such prescribed price.

It seems to me now that having brought in this three year formula, why, they could use a three year formula or a two year formula or any other which seemed desirable. They already have the power to set up prices on the basis of any formula they wish. But there is one thing in this act about which I have heard nothing from the minister, and that is the provision at the bottom which says:

> The board will endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

Perhaps I have not followed too closely, but I have not yet seen anything which the minister has indicated that it is going to have any relation to the gross national product or to the fair share of the national income.

In closing, Mr. Chairman, I say once again that I do not wish to delay this bill. I think however, the time has come and if the Conservatives want to rattle their sabres about something which "will not be too long delayed" this might be a good measure on which to go to the people.

Mr. Johnson (Kindersley): Mr. Chairman, I am very pleased to exercise my parliamentary responsibility and express my views and the views of my constituents on this resolution.

Before doing so I should like to ask the government the cause of the delay between the time this legislation was placed on the order paper and the time we received it in the house. It was forecast in the speech from the throne nearly two months before the day on which it was brought down in spite of repeated requests by hon. members of this group for early action on this legislation.

This delay would have been unnecessary if the election promises made by the Conservative government that they would call a session in September to deal with this as a matter of urgency had been fulfilled. I think, Mr. Chairman there is a close analogy between this situation and the situation concerning the arrival of a circus in town. First, there is terrific advance press publicity. We had all that during the election campaign. The farmers were promised prices which would give them a fair share of the national income. Advertising was put out, and the prospects displayed on most attractive posters. After that, we had a resolution placed on the order paper which adds to the interest and to the expectation. And then, in addition, we had the spieler in the form of the Minister of Agriculture giving us the come-on. I was not as impressed by the come-on spiel as I was with the resolution, and I think the minister would have done better and would have drawn a bigger crowd if there had been no explanation at all, because it seems to me he gave away some of the secrets of the show, and some of us now might hesitate about buying a ticket to go in.

However, I think the problem facing us is the resolution rather than the explanation of the minister and it does promote considerable

interest. There should be strong criticism levelled at the government for its delay in bringing in a measure to offer relief to the crisis in agriculture because of the present conditions. It is apparent that over the past number of years a similar charge of delay has been levelled at governments and I call as my witness the then hon. member for Lake Centre, the present Prime Minister, speaking on July 29, 1944, as reported at page 5599 of *Hansard* when the Agricultural Prices Support Act was introduced. He said:

> One observation I would make at the beginning is that it is passing strange that legislation as important as this should have been been brought down so late in the session.

Those are the views of the present Prime Minister. He continued:

> When one considers—that it is introduced on a Saturday in the dying days of the session when by reason of long hours of sitting during the week members are necessarily tired out and unable to give the bill as much attention as it should receive, it seems only right that protests should be made against this sort of procedure.

Mr. Chairman, do we not have a repetition of those same circumstances which were condemned by the Prime Minister on that occasion? I would like now to place on the record the words of the hon. member for Huron in the same debate in relation to the Agricultural Prices Support Act as reported at page 5598 of *Hansard* who said:

> If it is being brought in only for election purposes, of course it will do no good. If it is an honest attempt to do what it purports to do, then I support it wholeheartedly. Something of this kind is long past due.

Mr. Marler: A very intelligent observation.

Mr. Johnson (Kindersley): Those are the words of the hon. member for Huron who is now the government whip speaking on legislation introduced by a former administration and I can see a very strong analogy between that occasion and the present circumstances.

Mr. Pickersgill: Was that his only speech?

Mr. Johnson (Kindersley): It was not a very long one but I appreciate the thought that it involved.

The purpose of the debate on the resolution stage is to give the government the advice and the thinking of the house on the proposed legislation. The present Minister of Agriculture has declared himself to be an authority on this subject and to know just as much about it as any hon. member in the chamber but I think there are many hon. members who are not familiar with all agricultural conditions in Canada and in the hope that these views will be given consideration in the proposed bill I would like to make a review of agricultural conditions.

It has been stated in previous debates that agriculture finds itself in a depressed condition at the present time due to the reduction of the net farm income. It was pointed out that from 1952 to 1956 there has been a decline of the net farm income in Canada of 18 per cent and in my own province of Saskatchewan this decline has been 31 per cent. I think perhaps I should explain the term "net farm income". It is the money we as farmers have left after paying our costs of operation. We do not know yet what will be the net farm income for 1957 but there is every indication that it will be about half the net farm income for 1956. We can see indications of that because from January to June of this year there has been a decline of $8 million in cash farm income, which is the total receipts of farmers in Canada as a whole, and in Saskatchewan we find in that same period a decline of 10 per cent.

In the debate on cash advances on farm-stored grain when this problem was dealt with it was pointed out that it is necessary to give serious consideration to what is generally referred to as the cost-price squeeze. This refers to the tremendous increase in our costs of production and the decline in the prices we receive. In the last ten years there has been a decline in the wheat price of 21 per cent whereas the cost of production has gone up 46 per cent. I am certain that the same cost-price squeeze affects farmers in all parts of Canada whether they reside in Quebec, Ontario, the Atlantic provinces, British Columbia or in the western provinces. They are all plagued with the same problem.

I want to look more specifically at the problems of my own constituency of Kindersley and bring them to the attention of the committee because I feel they are representative of the problems in western Canada in particular. It is difficult to obtain authoritative evidence of the cost of production because there are no government publications which give an exact indication. However, the experimental farm service has surveyed wheat production costs and they provide some information which will be of interest to all hon. members. The Manitoba *Co-operator* of May 2, 1957, in reporting on the review of the experimental farm service says:

> In 1956, the average cost of producing wheat on summerfallow on 10 illustration station farms amounted to $23.22 per acre. The factors of production considered in this study, and the percentage (in brackets) each contributed to the total cost per acre are as follows: Rent of land, taxes and use of buildings $208 per acre (9.0 per cent); cost of summerfallow, plus interest $6.51 (28.0 per cent); seeding, preparation and cost of seed, $4.94 (21.3 per cent); fertilizer, spraying and hail insurance, $1.91 (8.3 per cent); harvesting operations, $4.89 (21.1 per cent); interest on net cost at 3 per cent

on seed, fertilizer and labour $0.16 (0.7 per cent); general equipment charge, $0.51 (2.2 per cent); general farm expenses, $1.06 (4.4 per cent); and a management charge of $1.16 (5.0 per cent).

I believe it is important that these figures be given consideration because they reveal the tremendous increase in the cost of production over the years and should serve to give hon. members from every part of Canada an appreciation of the problems the wheat farmer is facing.

In that same connection I must express disappointment that in explaining the resolution the minister mentioned that wheat, oats and barley coming under the Canadian wheat board were specifically excluded from the operation of the system anticipated by this resolution. I was hoping in reading the original resolution that these commodities would be included since there is certainly a strong demand to have these basic commodities included.

To continue with evidence indicating the plight of farmers I would turn to the annual report of the Kindersley vocational agriculture farm management program. This is a program which works in connection with the larger school unit in that district and is based on a survey of 69 farms in the area. This annual report indicates that the cost of production per crop acre including no wage to the operator is $21 per acre as an average on all farms. Including a $3,000 operator wage, which is very moderate in this day and age, the cost would be $28 per acre as an average for all farms. We can readily see the impossible battle the western farmer is waging in meeting his cost of production when the Minister of Trade and Commerce has admitted that all we can expect this year is a six-bushel quota. On the basis of half summerfallow this would give 12 bushels per wheat acre provided you had no special crops which reduced the quota. This, at the very most, would give you a return of $15 a crop acre. I have already pointed out that the cost of production is $21 per acre.

It is more than evident that the farmers are having to live on the depreciation costs of their farm machinery. The Canadian Journal of Agricultural Economics, in a study of the depreciation charges per crop acre, pointed out that for a 320-acre farm the cost is $4.53; on a section farm it is $3.99; and on a 2-section farm, $3.07. Therefore, more than the depreciation which farmers should normally be allowed to put aside for the replacement of their equipment is being completely utilized in order to continue the operation of the farms. As a result of that, I noticed in the Saskatoon *Star-Phoenix* of November 28, 1957, an article entitled:

Bleak Outlook

Lloyd Barber, professor of commerce at the University of Saskatchewan, said Wednesday there was a bleak outlook for the farm implement retail business.

The article goes on to say:

In the next two decades it was possible that where three dealers were operating now there might be only business for one.

There, Mr. Chairman, is evidence which I think is irrefutable to give to hon. members a full appreciation of the agricultural conditions which are facing farmers in western Canada, and I maintain the same circumstances apply to farmers in other parts of Canada. It points out the need for action on the part of this government to forestall this trend. It is apparent that it is not just the farmer who is suffering because these circumstances apply to all those in the smaller communities and in the larger communities who have direct contact with the farmer.

I pointed out that the article indicates a very bleak future for the implement dealers. Those hon. members who have travelled through rural Canada will appreciate the number of implement dealers who will be put in jeopardy. It applies, of course, to all services to the farmer, to the municipalities and counties.

As I have pointed out, the rising costs are not being offset by the very low deliveries of grain from the farm. As of November 25, which are the latest figures available, it is indicated that there are 644 marketing points still on the unit quota. They are allowed to deliver only 300 bushels of wheat and a fixed proportion of other grains. There are 1,133 marketing points on a 1-bushel quota and only 263 marketing points on a 2-bushel quota. Therefore, Mr. Chairman, it is apparent that agriculture is facing a dilemma. The same situation certainly applies to those who are in other forms of enterprise.

It has been asked many times by those who have not been adequately informed: Why do you keep on growing wheat when there is obviously no market for it? Why do you not grow something else? In fact, the Minister of Trade and Commerce in that speech he made in Winnipeg implied the same thing. Well, we have the alternative of farmers transferring to other grains, and there has been a great transfer to the growing of durum, which has a very limited market. What will happen as we transfer from the growing of spring wheat to durum wheat is that we shall in turn glut that market.

The market for flax is a doubtful one although the seedings have gone up over 150

per cent from the previous year and it is questionable just how much the market can absorb. The third alternative which the farmers have been following is the growing of rape seed, and we find that we are confronted with an exorbitant freight rate and as yet the government has taken no action to dissallow the decision which was made by the board of transport commissioners granting the increase and thus give the farmers a fair deal on that, although they have the privilege and the responsibility. Here again the production of rape seed is limited. You cannot turn all of your acreage into the production of those other crops. I maintain that the farmers have co-operated because the acreage seeded to wheat has dropped in the province of Saskatchewan over a million acres in the last three years.

Well, we have another alternative, namely to transfer to livestock, and I think it is important that this be given consideration in discussing a resolution to provide stability to agriculture. In the first instance, the cash outlay to transfer to livestock from a grain operation is tremendous. I have a letter from a veteran in my constituency, Mr. Timothy McBride of Marengo, who found himself with a large surplus of wheat and who wanted to transfer to livestock. He is a settler under the Veterans' Land Act. He will not get title to his land until May 31, 1959. He would need $5,000 to buy a herd of cattle and to set up the buildings to house them, but he cannot get the money because in the first place he has no title to his land; but, more pointedly, there is no credit policy in Canada to give assistance to such a man who is trying to resolve this problem.

Of course, there are other problems related to the transfer to livestock. One that I would cite would be the shortage of feed and the shortage of water. I am quite familiar with this, Mr. Chairman, because on my own farm I have run a fairly large herd of cattle over the past number of years. I had at the start of this year 85 head of cattle and I found that because of the very meagre moisture supply that we had my pastures were drying up. I had to sell 20 head of those cattle and it was fortunate I did because in the course of the year my three dugouts dried up and the two wells which I have to supply those cattle with water are on the verge of going dry any day. Therefore, we have to give very serious consideration to the blanket suggestion that we should transfer to livestock.

In addition to this, members from eastern Canada should be aware of the impact which it would have on their economy if indeed the farmers of western Canada were to transfer to livestock in great numbers. The traditional tendency has been for the western feeder cattle to be transported to Ontario and Quebec where they are finished off for the large eastern market. In western Canada we have the cattle and we have the feed, and I would submit we would be transferring the problem to the eastern farmers if the farmers in western Canada were to go extensively into livestock.

Now, I should like to make some suggestions which would, in my opinion, resolve this basic problem and they should be given consideration in this resolution. It has been stated by the president of the Saskatchewan wheat pool that the income of western farmers must be increased to meet the cost of production. I think we have an important point there which must be given consideration in this resolution.

In the remarks he made the minister indicated that there is no direct relationship between the cost of production and the base price established under this legislation. If that is the case, it is a very serious omission, indeed, because the cost of production and the prices must bear a relationship which will give the farmer a fair return.

One of the short-term proposals which I would suggest to resolve this lack of income would be the payment of a domestic parity price for wheat to the farmers of western Canada. It has been pointed out that over the years, particularly in the early war years, the farmers of western Canada subsidized all of the people in Canada by taking a low price for their wheat; and even today the farmers are getting much less than their cost of production of wheat. Therefore, it would naturally follow that the price of wheat should be increased to the farmer to bear some relationship to the cost of production. It would not increase the price of bread by an appreciable amount, since there is only three cents worth of wheat in a loaf of bread at the present time. On 50 million bushels, which is the amount consumed domestically, it would mean about $25 million to the farmers of western Canada which should be distributed to assist the smaller farmer.

In addition, other producers in Canada who are receiving a price less than their cost of production must receive a deficiency payment. This is not a subsidy. It is an economic technique which would provide those farmers with the money whereby they could meet their cost of production. If they do not meet their cost of production Canada will be confronted not only with an economic but a sociological problem because as farmers go bankrupt and have to move from the farm they in turn create other problems elsewhere in industry.

The proposal of deficiency payments has been advocated by the Canadian Federation of Agriculture and the interprovincial farm union council and is accepted by farmers. I am hopeful that the principle will be encompassed in the legislation although I am afraid the minister let the cat out of the bag in his explanation and that the principle will not be covered.

We must also give consideration to additional long-term policies which will solve the dilemma of agriculture. We must remove some of the shackles of trade barriers so that Canadian agricultural products can be exported. We must give further consideration to purchasing goods from the United Kingdom so that they in turn will be in a position to buy goods from us. We must face the problem of providing agricultural credit. At the turn of the century agriculture was an expanding industry and all of the policies of this country were geared to an expanding industry. We can think of the settlement policy whereby the government bet the farmer $10 against a quarter section of land that he could not last there for a year. The whole thing was aimed at expanding agriculture. But now that we have mechanization, now that we have $7,000 combines that can do more than several threshing outfits, it is necessary to give consideration to that fact in our agricultural policy and provide policies for readjustment so that farmers can in turn form themselves into an economic unit.

The minister admitted that the legislation was inadequate to meet many of these conditions. I think that admission is rather an indictment of the measure because surely to goodness on the basis of the election promises and the hopes that were raised in people's minds this measure should have solved at least some of the basic problems. In order to resolve the dilemma of agriculture the legislation must include a relationship between the cost of production and the prices paid.

The minister has made a great point of the flexibility of the legislation, how it can be moved about, but it looks to me like this flexibility is going to be a rubber hose with which the farmers will be beaten over the head. The flexibility is not related to any particular subject at all and the minister has complained about rigidity.

In addition, the minister has pointed out that the purpose of the legislation is to guarantee prices. For how long? For one year? A guaranteed price for one year is useless because it does not take into consideration the production cycles in certain industries. It would be all right if you were growing peas. You could plant them in the spring and harvest them in the fall and you would be assured of your price.

Mr. Herridge: And mushrooms.

Mr. Johnson (Kindersley): The hon. member for Kootenay West suggests mushrooms. That is something else to which help might be given in an effective way. A one-year guaranteed forward price is of no value to the poultryman because in his case there is a two-year production cycle. What about the man who decides to transfer to the production of hogs? In that case there is a three-year production cycle. Of what value is it to him to know that in one specific year he has a guaranteed price? What about the cattle producer? In that case there is a five-year production cycle. Is one year the best the government can do to provide stability for agriculture? We must have a forward price based on the production cycle if the farmer is going to be assured any degree of security and stability.

In addition, the agricultural program must ensure that agriculture receives a fair share of the national income. That is implied in the resolution but unfortunately in giving his explanation the minister indicated that this was something that would be in the discretion of the government. I think it should go beyond that. There are other measures that should accompany this one in order to meet the needs of Canadian agriculture.

As I mentioned, we must have adequate credit facilities to assist young farmers to become established because failing that and with the present cost-price squeeze they are drifting away from this useful and essential occupation to other occupations which they perhaps may not enjoy. We must have a crop insurance program to supplement this measure.

I have dealt in some detail with many of the problems confronting agriculture. I hope I have been able to convince hon. members of the extreme need that exists in Canada for a realistic agricultural policy to provide stability for the family farms. If the measure does not include recommendations to meet these problems, I suggest that the minister should whisk it back for redrafting and in any case he should refer it to the agriculture committee of the House of Commons so that farm organizations and members of the house may be able to make a workable proposition out of it.

Mr. McIvor: Mr. Chairman, I think one of the needs of the house is for some member to stand up and speak of the joys of the farm. I should like to do so but I do not

want to take too much time on this resolution. However, may I suggest one or two. Look at the joy of exploring the mysteries of a farm, why a red cow will eat green grass and give white milk. Tell me why it is that taking two grains of wheat of the same size and the same weight one will germinate sooner than the other and one will produce two stalks and the other will produce three. Look at the little chicks, the lambs, the kids, the colts, the joy of experimenting and producing better potatoes.

The farmers of the Fort William district are not living in starvation. In our community we have the champion potato grower and there are others who are experimenting with oats. If we want to help the farmers, let us pass the resolution and get the bill.

Mr. Johnston (Bow River): Mr. Chairman, we are discussing a measure to provide guaranteed prices for certain commodities. I think this is probably one of the most important pieces of legislation—the Minister of Agriculture himself has said so—that has come before the house during this session at least. I think it would be wrong if members of the house did not avail themselves of the opportunity to do everything they could in order to make the legislation better than it now appears to be.

In discussing the measure the only thing we have on which to base our judgment is what the minister said in his speech and I must take it for granted that what the minister did say was based on the bill itself. True there are not too many who know anything about the bill. There has not been too much consultation with others in drafting the bill so we must rely on what the minister has told us. Therefore, I assume that what the minister said in his speech about the resolution is correct.

There have been a great many people throughout this country who have been quite concerned about this proposed measure. Within the last few days there has been a great deal of publicity given to it. Whether or not the government delayed the introduction of this measure in order to get this advance publicity, I cannot say, but certainly that was the result.

Within the last little while the minister has been urging us to pass this measure; hurry up and get it through. I do not believe the members of this house should rush a bill of this kind—

An hon. Member: A resolution.

Mr. Johnston (Bow River): —or a resolution, because it is something that is going to materially affect the economic condition, not only of the farmers in Canada but all of the people in Canada. The effects of it are going to last for a number of years. I am sure there is no farmer in this country who would not say to his member of parliament, do not rush this thing through; take all the time that is necessary and see if you cannot make some improvements on this otherwise unfavourable measure. The minister does not want to take too much for granted because there are a number of people in this country who are very concerned about this measure.

Mention has been made before during this debate, and I just recall it again to the minister's mind, that some very definite promises were made during the election campaign. There were some definite promises made by the Conservative candidate in my constituency, and by others who spoke over the radio and over the T.V. from Calgary, as to what would be done for the farmers if the Conservatives were elected.

I am not going to refer to newspaper clippings, but I want to refer to a resolution that was passed by one of the farm organizations in my constituency, a district in which some Conservatives spoke and in which the Prime Minister himself spoke. This is a resolution from the farmers' union of Alberta in Carbon, local 1005, and which was sent to me a short time ago. It is addressed to me, and reads:

> Whereas during his campaign, if he formed the government, the present Prime Minister J. G. Diefenbaker said, "We will assure the farmer of his fair share of the national income by maintaining a flexible price support program. I underline the word flexible—"

The Prime Minister is still speaking.

> "—to ensure an adequate parity for agricultural producers, based on a fair price-cost relationship—My pledge to farmers in all parts of Canada is: to assure that the farmer shall receive his fair share of the national income."

That is the end of the quotation from the Prime Minister, and then it goes on:

> Therefore, be it resolved that Mr. Charles E. Johnston, M.P., keep constantly in front of the Prime Minister and the government, the promises made by Mr. Diefenbaker prior to the last election, stressing the price support program, and of the farmer receiving his fair share of the national income.

Now Mr. Chairman, that is exactly what I am doing and what I intend to do. I believe that any member in this house, be he Conservative, Liberal, Social Credit or C.C.F., would not be serving his constituents if he neglected to keep that pledge in this house, and express here on the floor the same comments that he made out on the hustings. I believe there has been only one Conservative in this debate so far who has said he approves of this measure in its present form, and the bill which will follow.

Let me start now to discuss the speech made by the Minister of Agriculture the other day. He pointed out to us that this legislation implemented all their election promises. I do not want to take anything for granted, so I will turn to page 2816 of *Hansard* for December 11, 1957, and there I find he said this:

> The resolution before us is one on which a bill will be based that is designed to put into effect our stated program of greater stability of income for agriculture.

Then, he goes on:

> This is a far-reaching and important piece of legislation,—

It certainly is far-reaching.

> —perhaps the most important, in its implications,—

Again I agree with him.

> —in its expected results for agriculture and its effect on the general economy, that has been considered by the Canadian parliament for many years.

That is just what I am afraid of, that the effect this measure is going to have on the general economy of Canada is going to be very detrimental to agriculture. Then, again at page 2189 of *Hansard*, the minister has this to say:

> I think this legislation will do everything we promised we would do so far as our campaign pledges are concerned.

I suggest to you, Mr. Chairman, that the Conservatives have not kept any of their promises in this legislation, and I shall point out my reasons for making that statement. Let us see whether or not the government has kept its promises. I have a clipping here from yesterday's Ottawa *Journal*, December 13, and I am sure you will agree with me that in this instance the farmers do not think the government has kept the pledges it gave during the election campaign. The heading reads, "Farm Price Support Plan a Shock". Let us remember this is from Ontario, incidentally. This reads:

> An official of the Ontario farmers' union said Thursday Canadian farmers will receive the Conservative government's new farm price support program "with a shock". Albert D. Cormack honorary president of the O.F.U. was commenting on the program announced Wednesday in the Commons by agriculture minister Harkness.

I would take it from that that people do not believe the government has implemented its promises, although the Minister of Agriculture says they have completely filled all their promises. Down farther, this article says:

> He contended that supports set at 80 per cent of the prices paid farmers for the last three years "will cause a mass evacuation from the farms".
>
> Canada lost 48,000 farmers during the last five years, he said.

I am sure that Ontario agriculturists are not very enthused with this piece of legislation. During the election campaign it was stated that when this legislation was drawn up there would be consultations with farmers, farm organizations and those people who were interested in agriculture. But who drew up the bill? According to the minister it was the prices support board, the economic division of the Department of Agriculture and the marketing service. No assistance was requested from any agricultural organization in Canada in the drafting of this bill. There was not one Conservative backbencher consulted in the drafting of this bill. It was never brought up in their caucus, either.

Mr. Dinsdale: Prove that.

Mr. Johnston (Bow River): If it was, then some Conservative member should get up and say so.

An hon. Member: We are trying to get the bill before us.

Mr. Johnston (Bow River): I am told it was never discussed in caucus, and I think that is true.

Mr. Harkness: Who told you?

Mr. Johnston (Bow River): There is not a Conservative member in this house, outside of the members of the cabinet, who knows anything about this measure. And yet, mind you, in the election campaign the Conservative candidates went around and said "Well now—

An hon. Member: It worked did it not?

Mr. Johnston (Bow River): —"Well now you elect me a Conservative and I will be sitting in at the caucus helping to direct the course of the construction of this agricultural program." What a lot of nonsense.

Mr. Dinsdale: What a lot of nonsense you are talking.

Mr. Cardiff: If there was no *Hansard* he would not be talking.

Mr. Johnston (Bow River): I did not hear that wise-crack.

Mr. Cardiff: I said a lot of you fellows would never be talking at all if there were no *Hansard*.

Mr. Johnston (Bow River): Well you know, it is a very good thing there is a *Hansard*, because now we can go back and read what the Minister of Agriculture has said and just see the inconsistency in that speech. I want to do that as we go along.

Now the Minister of Agriculture pointed out in his remarks that the advisory committee, made up of all farm organizations in Canada —and then he took the word "all" out; he

must have thought "Gee, that is going too far, they are not going to believe that"—

Mr. Harkness: Mr. Chairman, on a point of order—

Mr. Johnston (Bow River): "I am going to take that, 'all', out." So he changed it and said "farm organizations".

Mr. Harkness: On a point of order. The hon. member, of course, has been attempting to misrepresent what I have said right along, but now he has come to an example where I got up in the house and corrected *Hansard*. I said that "all" should not have been there; it is not a matter of a change, I never said it.

Mr. Johnston (Bow River): I said when I started, Mr. Chairman, that I could only go by what the minister had said in his speeches as recorded in *Hansard* and I read it word for word. I did say, also, that later on he changed that and took the word "all" out. He did not say some farm organizations, he just said farm organizations. Well that could be one. I certainly do not think we can conclude that the minister has consulted very many farm organizations because now we are getting letters from farm organizations all over the country who are very opposed to this. So certainly he cannot very well take that—

Mr. Dinsdale: You had better be careful—

Mr. Johnston (Bow River): As for the hon. member for Brandon-Souris, the farmers in his area are not too enthused about all this either and he had better watch his step because when he goes home he is going to be asked "Why did you not implement these election promises?" He might have a little difficulty on his hands explaining this to his own farmers.

Mr. Dinsdale: On a question of privilege; the hon. member referred to the volume of letters pouring into his office in connection with this legislation and in protest of this legislation at the resolution stage. Could he put one of those letters on the record please?

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

Mr. Johnston (Bow River): I have them up in my office and I will be pleased to send them to the hon. gentleman if he will send a messenger with a truck so that he can get all of them.

An hon. Member: Pretty small truck eh?

Mr. Johnston (Bow River): Now let us see what is this advisory committee and just what capacity it is going to have in formulating this legislation. This is what the Minister of Agriculture said so far as the effectiveness of the advisory committee is concerned. As recorded on page 2188 of *Hansard* he said:

> The advisory committee will meet with the board to make its recommendations, and the two will confer together. The board will then make its recommendations to the government as to what commodities should be under guarantee for the next 12 months and the percentage of the base price at which each should be supported. The final responsibility, of course, must rest with the government, which may accept the board's recommendation, alter it or reject it.

Now the point is that the Minister of Agriculture put great stress on the fact that this advisory committee is made up of representatives from farm organizations. But the advisory committee does not advise or talk this over with the Minister of Agriculture at all. The advisory committee meets with the board, and then after that consultation with the board, the board consults with the minister. Now that is a pretty indirect way of the minister saying that the agricultural organizations are going to be consulted when, as an actual matter of fact, he is side stepping them at every turn.

Now this bill itself is divided into three parts—I am not now speaking of the political propaganda which is in it—I mean the three main parts of the bill, the three divisions. First there is the base price. This is the formula which is established in the bill. The minister said the bill will reveal to us the base price which will be the average of the last three years. The cost-price relationship for the last three years has been the lowest since the war and even for a long time before that and so our base price for agricultural products is established on the lowest three year period he could have picked.

Mr. Gardiner: That is not correct.

Mr. Johnston (Bow River): The lowest period he could have picked—

Mr. Harkness: You do not know what you are talking about. I wish you would look at the statistics and then you would not make these terrible mistakes.

Mr. Johnston (Bow River): Is it established on the last three years or is it not?

Mr. Harkness: Certainly.

Mr. Johnston (Bow River): Look at the condition of agriculture, going down every year. All the prices indicate that the price for agricultural products has been continually declining—

Mr. Quelch: He admitted it.

Mr. Johnston (Bow River): As the member for Acadia says, the minister himself has admitted that. Now then each commodity is going to be considered independently and the price of that commodity will be influenced in

this way. Let me quote the minister's own words because I do not want to misrepresent him at all; that is the last thing I would want to do.

Mr. Harkness: You have been doing absolutely nothing else throughout your whole speech which is entirely a matter of misrepresentation.

Mr. Johnston (Bow River): I have been quoting you.

Mr. Harkness: And it shows a complete lack of knowledge of the scheme.

Mr. Johnston (Bow River): I have been quoting you. If there is any misrepresentation, you are the one who is guilty of it.

Mr. Harkness: You have been interpreting what I have said in your own way which is completely wrong.

Mr. Johnston (Bow River): No, I have been quoting your own words so that there would be no possibility of misrepresentation and I am going to continue to quote. All right, let us see what the minister says now about this particular section.

> The relationship of the base price of one commodity to another is left to the determination of market conditions.

Do you mean to tell me there is any semblance of a parity in that? Could you tell me that there is any relationship in that price to the election promises that they were going to give the farmers a fair share of the national income?

Now the reason I have mentioned these fair prices and their relationship to the national income is that it is under this heading of base price that the minister himself used these arguments—not on the guaranteed price—on the base price. Then further down it says, "it reflects market changes". Well, when you come to study the base price on the average for the last three years that reflects market changes—all down—and you say there is a relationship between that and the farmers' fair share of the national income or a cost-plus—a fair profit? Then, he says in the next column:

> First, he wants prices for his products which will cover his cost of production and leave him enough to live on;

But in the statement which the minister has made there is certainly no basis whatever in fact for that statement because he has set the price so that it reflects the market changes. There is no attempt there to keep any of these election promises; in fact it is just the opposite. They have avoided every one of their election promises. Now in this next statement which I am about to make, and which I make on my own responsibility —the minister did not say this in effect, but I am going to prove to you that this is what he meant—I will tell the committee that one of the main purposes of this legislation is to curtail production at a time when we should be doing anything else rather than curtailing the production of this country. At a time when we have such great need for our products, such widespread unemployment and so many people in the world who are starving, this is what the government has in mind. Let us look at page 2186 of *Hansard*, and see what the minister says about it.

> I have endeavoured in this legislation to provide for the greatest possible degree of flexibility so we will not be saddled with a program which inevitably acts as an incentive to produce burdensome and unsaleable surpluses.

Is it not clear that one of the main purposes of this measure is to prevent these unsaleable surpluses? Of course it is. Now let us look at page 2187, where the minister says:

> The purposes of the moving average formula method of determining the base price are to ensure stability of income to farmers by protecting them against a drastic decline of prices; to provide for a gradual adjustment through prices due to changes in consumption habits, losses of export outlets—

And so on. Thus he is giving to the house a price formula along these lines in order to cut down production so that we will not be burdened by surpluses. Then, again, the minister goes on at page 2187—and he emphasized this at least in three different places when dealing with this legislation, so this must have been uppermost in his mind:

> In this legislation we have attempted to meet these two demands, conditional on not providing—

I underline the word "not"

> In this legislation we have attempted to meet these two demands, conditional on not providing a price for any commodity which will serve as a strong incentive to farmers and thus result in large unsaleable surpluses.

In three different important sections of his speech the minister stressed the point that the base price will be such as will not be an incentive to raise too much. If the minister had taken as many pains in drawing up this legislation to see that the farmers got parity, or to see that the farmers got their fair share of the national income, as he has in trying to do away with these burdensome surpluses, we might have had some different results from this bill.

The second part of the bill concerns the floor price. The minister said a moment ago that this was the most insignificant part of the whole thing. Well, this is a very important thing for agriculture though it may be insignificant to the minister. The floor price, or as he calls it the security provision,

prescribes that the floor price is to be based on 80 per cent—not less than 80 per cent—of the base price. That means that the price which the farmer is guaranteed is going to be 20 per cent lower than the average price for the last three years, which has been the lowest for many years. That is some guarantee. The hope a farmer has, therefore, if things continue the way they are now with unemployment and our declining price structure; the only prospect a farmer has is that he is going to get as a floor price 20 per cent less every year. That is not a very bright prospect for the farmer, and it is not unnatural that the people across Canada are becoming alarmed at the implications of this bill.

And then this basic price, or this floor price, will only be on certain commodities,—key products. It is not going to apply to everything, but only to basic commodities. In fact, the floor price could be even lower than the present price in some cases. The minister says this on page 2189 of *Hansard* in answer to a question by the hon. member for Assiniboia.

> One question he asked is whether the assured floor price would not in many cases be lower than the present price. That is correct—

So the guaranteed price will in many cases be lower than the present price. And this bill, says the minister, is guaranteed to give the farmers their fair share of the national income. What an imagination that man has! He ought to join the movies. As a comedian, of course.

Now let us come to the guaranteed price, the third part of the bill. The guaranteed price may be—and I use that word "may" advisedly—the base price, that is, the average price over the last three years. It may be 80 per cent of that. That is the average price, too. The guaranteed price may be the floor price. It may be 90 per cent of the base price or it may be 100 per cent of the base price, that is, the base price itself. Or it may be 110, 120 or 150 per cent possibly depending on how close you are to an election. That very aspect of it, Mr. Chairman, seems to be—I will not use the word which comes to my tongue there—I will say unfortunate. That is about the mildest term I can think of at the moment. Why should you leave price setting to the minister himself, to the whim of the minister?

The Acting Chairman (Mr. Rea): Order. I must advise the hon. member for Bow River that his time has expired.

Mr. Johnston (Bow River): I have not finished yet, but I will finish before this resolution is out.

[Mr. Johnston (Bow River).]

Mr. Campbell (Lambton-Kent): Mr. Chairman, and members of the House of Commons, I appreciate the fact that it is possibly the duty of the opposition to try to depict such measures as are now before the house in the blackest manner they can, but I do appreciate the opportunity of speaking at this time in support of the resolution.

I understand that this measure proposes to support and stabilize the products of agriculture. Such a measure, I believe, is necessary and in fact long overdue.

I have many and varied agricultural problems in my own constituency, perhaps more than in any part of Canada. I say this honestly because there are greater variations in the crops produced in Lambton-Kent and therefore there is a greater variety of problems in connection with those crops. I believe that our agricultural policy is unsound and unfair and has been so for a long period of time, and while it must be admitted that there have been times over the past number of years when agriculture has enjoyed a considerable degree of prosperity those times in the main have been brought about by luck rather than planning or management either on the part of the government or of the people.

When I say that these periods of prosperity have been brought about by luck I do not necessarily mean that they have come about as a result of good luck; rather, in large part, they have come about as a result of the worst kind of bad luck which could befall any people, namely war. Surely, Mr. Chairman, there is a better and less costly way of correcting the ills of agriculture than having to resort to war or having to wait for a war to correct them. I am sure we are all in agreement that a small part of the cost of defending ourselves in time of war would correct most of the ills of agriculture in peacetime; yet in wartime we accept the extra load of cost of food together with other costs because then and only then do the people seem to appreciate the vital need and the dependence they have upon agriculture for their very existence.

I have suggested that the position of the farm people appeared to have improved as a result of bad luck befalling the people of the country as a whole in the case of the nation being at war. However, I would like to state here that even that kind of luck has not always worked to the benefit of the farm people in the way they expected it would for I recall quite clearly that during the last war the government of the day saw fit to place price ceilings on agricultural commodities beyond which they could not go and this price ceiling structure had the effect of denying

to people engaged in agriculture the opportunity which would have been afforded in the ordinary course of events to take advantage of a stronger market and at better prices.

Some time ago in speaking in the throne speech debate I mentioned that I had been a member of a delegation which had come to Ottawa asking for measures to protect the sugar beet growers and that we had been refused. Some time later, about the time of the conclusion of the last war, I was again a member of a group of wheat growers who came once more to Ottawa, asking for consideration in the matter of the raising of the price ceiling on wheat which had been set at around $1.12 per bushel. We were not refused on this occasion; in fact, we were well received. We presented our problem and it was gratifying to learn in a few days that the ceiling had been raised to $1.27.

As time passed and the war came to an end farm production costs had continued to rise and the wheat farmers of our area felt that it was unfair to be restricted by a price ceiling that prevented them from taking advantage of the opportunity a free market would have offered them and so another meeting was called and a delegation again came to Ottawa this time to ask that the ceiling be removed entirely and this request was also granted. Shortly after the price rose to the point where it ranged between $2 and $2.40 and where it remained for quite a period of time.

The fact I am endeavouring to point out to hon. members of this committee is that the farm people did carry a big share of the load, perhaps an unjustly large share of the load, in time of war; and if the people and the government feel they had the right to expect the farm people to carry that load in wartime then surely both the people and the government must recognize their responsibility for ensuring that the farmers will share in any measures which will help to keep them in a reasonably sound position in peacetime. I wish to quote from an article that appeared in the Almonte *Gazette* on November 21, 1957:

> We do know that the farmers have very real and obvious grievances. This is indicated by the lamentable trend away from the farms. We noticed in printing the voters' list for Ramsay, this year, that there were 25 fewer names than last year. There was a good reason for us being observant in this connection because printers are paid by the name for printing such lists. But the point is that the most highly assessed township in Lanark county is losing population and has been doing so for many years. There are vacant farms here and there and some of those farms which are still inhabited are being only partially worked, with the men holding down industrial jobs in nearby towns or cities.
>
> If agriculture were paid on a scale commensurate with certain other trades or professions, many of them less important, the situation we refer to would not exist. The farmer to a greater extent than any vocation we know of is a prey to weather conditions and many other factors over which he has no control.

I wish now to mention a few of the many other factors that have taken terrific tolls in my time in addition to the question of farm costs and the price of agricultural commodities. Some of these are foot-and-mouth disease in cattle; cholera in hogs; dysentery in poultry; blight and black root rot in sugar beets. Last year many thousands of bushels of white beans were lost on account of excessively wet weather. The wheat growers have to fight the plague of stem rusts, several kinds of smut and the hessian fly. In addition to these the farmer never knows when his crops will be damaged by cut worms, wire worms, army worms and grasshoppers. There are also the problems of excessive freezing and thawing; excessive heat to shrink the grain when ripening; excessive rainfall to prevent harvest, or the other extreme, the lack of rain, to promote growth; wind storms to lodge the grain so it is difficult to obtain, and hail storms that often do tremendous damage.

There is one other thought I wish to leave with hon. members of the committee. I feel that people in lines of business other than agriculture are becoming increasingly aware of the unfavourable position the farmer is placed in and in the main they are fair enough to admit that something should be done about it. They also in the main feel that by assisting agriculture they will indirectly be helping themselves. Therefore, in conclusion, Mr. Chairman, I would emphasize that anything which is done to stabilize the business of agriculture will assist materially in bringing a greater measure of stability to the nation as a whole.

To my mind, Mr. Chairman, the matter before us is something like going to Killarney. You have to start somewhere and it does not matter where you are, the best place is to start from where you are and today that is here. I do not expect this bill is going to be a cure-all for all the ills of agriculture but I would suggest to you, Mr. Chairman, that we should try to get the plan in operation; for I believe it does provide an avenue through which at least some of our problems can be solved. Therefore, I say, let us try to make an honest effort to solve the rest as we go along and meet up with them. Mr. Chairman, I have sufficient confidence in the proposals that are before us today to say that

I intend to give my support to the bill and I would ask the support of the hon. members of the house.

Mr. Argue: Mr. Chairman, I think the most important thing that has come to light in this debate, if we can take the statement of the Minister of Agriculture as it is on the record, is the fact that the Conservative government has broken faith with the farmers and the people of this country as far as implementing its commitments, made time and time again during the election to provide a system of parity prices, is concerned. The Prime Minister made it abundantly clear at place after place where they stood in this regard. The Prime Minister went back and forth across this country saying that if he were elected the government would provide a system of parity price supports. I have in my hand a number of statements he made during the election campaign. Let me quote one which appeared in the Regina *Leader-Post* and which was made at Kipling, where he said that the price of wheat at $1.40 per bushel was too low and should be increased. Another one is a Canadian Press dispatch in the Ottawa *Citizen* of June 10, 1957, and is a quotation from a speech made in Saskatchewan on June 8. It reads as follows, referring to the Prime Minister:

> He promised them that if a Conservative government is elected he will call a September session of parliament to set up a system of floor prices for agricultural produce based on parity.

That was a very definite commitment which has been broken. According to the Regina *Leader-Post* of May 18, when speaking in Regina, he said this:

> I urged a system of parity prices in 1941 in a resolution in the house and asked for it two other times, but every Liberal member voted against it.

I think it is important at this time to quote the motion made by the Prime Minister in this house in 1941, and I quote from *Hansard* of April 8, 1941, at page 2280:

> That all the words after "that" in the motion be struck out, and that the following be substituted therefor:
>
> it be resolved that the government should take immediate steps to create a parity of prices as between agricultural and other products in order to improve the condition of Canadian agriculture and in order that it may receive a just and fair return,—

That is the position taken by the Prime Minister; that is the commitment he made to the people of this country and yet in this legislation that is being discussed at this time, the guaranteed floor below which prices cannot fall is less than the very low prices prevailing at the current period. Conditions now, according to an index of the dominion bureau of statistics based on 1935-39, are worse than they were at that time. I have the *Economic Annalist* in my hand and it shows that in the three-year period on which these guaranteed prices are based, in 1955, prices of agricultural prices were 2 per cent less than the index of the cost of production. They were worse in 1955 than in the late 1930's. By 1956, this position had deteriorated until prices of farm products were 7 per cent worse in relation to costs than they were in the late 1930's. At April of this year the index was 11 per cent worse than it was in the late 1930's, and this is the period of prices on which the government is going to base its guarantee to the agricultural producers of this country, its absolute guarantee.

I have in my hand figures showing the average price of hogs at Moose Jaw for the years 1954, 1955 and 1956. It shows that the average price during that 3-year period was $23.28 a hundred. Eighty per cent of that figure is $18.62 a hundred. Although every hon. member will admit that hog prices at the present time are depressed, yet hog prices on the market at Moose Jaw are now in excess of $24 a hundred. The guranteed prices under this legislation are very much lower than the prices prevailing today. If the guaranteed prices, based on the 3-year average, 1954-56, were in effect today for good steers the guaranteed price on the Regina market would be $13.60 and yet the prevailing price is $16.75.

Grain is excluded from the legislation and therefore there is nothing in it for the grain producers of western Canada. The livestock producers find that as far as the floor in this legislation is concerned their position would be much worse than it is at the present time.

The Prime Minister's definite commitments to the people of this country have been broken and this legislation has been a shock to all those people in this country who are interested in the welfare of the farmer. Albert Cormack, who was president of the Ontario farmers union for a number of years, in his fight for parity prices accepted the word of the Conservative government that they meant what they said in the election and was himself, through his organization the farmers union, responsible for the election of a number of hon. members opposite and the defeat of a number of former members of the Liberal government, including the former minister of finance. What was his reaction to this legislation? Here was a man who, because he felt the Conservative party meant what they said, worked for them in the campaign. Mr. Cormack said he received the announcement with a shock, and that is the reaction of farm organizations all across this country. They wonder why the Prime Minister made these definite promises and has waited until

almost Christmas time this session to do anything about them and, on the basis of the minister's statement, is introducing a bill in this house which is a complete violation of those very definite commitments.

Mr. Harkness: That is absolutely wrong. This legislation will live up to every commitment we made about price supports.

Mr. Argue: Except that there is no guarantee that price supports will bear a relationship to the cost of production. Prices in this legislation may be higher than the floor, that is true, but they will be political prices and they will be put up for one year at a time, and the thing next to the heart of the government is any form of legislation to get by the next few months, to get by the next election.

I can tell the Minister of Agriculture why there are no parity prices. I can tell his parliamentary assistant why the minister is against parity prices. If there is anything clear in the record of any hon. member of this house it is the minister's attitude and his record since he came into this house. At every turn he has opposed any suggestion that there should be adequate guarantees for agricultural prices and adequate guaranteed floors under prices.

Mr. Harkness: Mr. Chairman, statements along this line are at absolute variance with the truth and I do not think the hon. member should be making them. I just cannot understand the hon. member making such statements.

Mr. Argue: I am willing to let the record stand. The trouble is the record is too clear. For instance, when we wanted to get oats and barley under the wheat board so as to have a guaranteed price the minister had this to say, as found at page 1696 of *Hansard* for February 27, 1948:

> I for one—and I know a large number of farmers who feel the same way—do not want to have the government set the price I am to get for oats and barley.

He does not want the government setting prices and the government has not done much in that regard under this legislation. That is the trouble with it. They are offering 80 per cent of the price over a very low, depressed period. In 1954 the hon. member for Mackenzie moved the following resolution, as found at page 4797 of *Hansard* of May 17:

> In the opinion of this house, the government should give consideration to demonstrating its support of the principle of orderly marketing through livestock marketing boards by announcing floor prices with respect to cattle and hogs at levels not less than the average of the prices which prevailed during the period from January 1, 1951 to December 31, 1953.

That would have brought about a floor price for beef of $26.50 a hundredweight and a floor price for B-1 hogs at Toronto of $29.65 a hundredweight. This is what the present Minister of Agriculture said in that debate on May 17 as found at page 4806 of *Hansard*:

> In my opinion, if this resolution were put into effect it would be, more or less, complete socialization of the livestock industry.

He is against adequate support prices because he says it is socialism.

Mr. Harkness: That has got nothing to do with adequate prices.

Mr. Argue: He went on to say:

> Most livestock producers of whom I am aware do not want their industry socialized.

Mr. Harkness: That is a rigid price support program you wanted. You still want it and it is not workable. It is a rigid support price program you have been talking about and it is not workable.

Mr. Argue: The minister is against anything that is rigid.

Mr. Harkness: That is not so.

Mr. Argue: He does not want a rigid floor. He wants this depressed floor that will do what our friend, Albert Cormack of the farmers union, said it would, drive the farmers off the farms. To make sure that I am not misinterpreting the minister—

Mr. Hodgson: How about the national president of the farmers union?

Mr. Argue: —let me refer to what the minister had to say about an amendment moved by Mr. Bracken on May 6, 1946 with regard to prices of argicultural products. On May 15, 1946, the minister had this to say as found at page 1567 of *Hansard*:

> It is that artificial control of prices and arbitrary distribution of commodities are contrary to the conceptions of free trade and free enterprise—

The present government is against control of prices. This government is against adequate support prices. The minister himself has been the greatest opponent of adequate support prices since he came into the house in 1945.

Mr. Harkness: Again I say that is absolutely untrue.

Mr. Argue: The record I have placed on *Hansard* at this time proves it.

Mr. Harkness: The record shows nothing of the kind. Nothing that you have read shows it.

Mr. Argue: The minister wants to deny it but the legislation before the house is proof positive that he is consistent, and that now

he is in office he is doing exactly what he wanted to do when he was in opposition, to have as little to do as possible with government control. Never support adequate floor prices because it would socialize the agricultural industry, he said. The government is not for the agricultural producers of this country. The other day they established a royal commission to inquire into the spread in the prices of agricultural commodities between the price paid to the farmer and the retail price. They appointed a six-man commission and there is not a farmer on it. I asked the Prime Minister if he had discussed the question of submitting a name or a number of names with the farmers union and the wheat pool and the answer was no. It is an amazing thing that on a royal commission to decide why farmers are getting such low prices in relation to the retail prices of their products the government would not appoint a farmer.

Mr. Harkness: There are three representatives of agriculture.

Mr. Argue: There is no representation of the wheat pools, no representation of the farmers union. It was not even discussed with them. They were brushed aside. The Minister of Agriculture has made it very clear in his presentation to the house that the measure before us will not provide parity prices. It is not aimed at providing parity prices. I have in my hand a copy of a resolution directed to the federal government which reads as follows:

> —we urge immediate action by the federal government to implement policies along the lines indicated by the Saskatchewan royal commission on agriculture and rural life with particular reference to:
> 1. Price supports for all agricultural products based upon parity and utilizing deficiency payments.

That is the resolution, support prices for agricultural products based on parity and utilizing deficiency payments. Here are some of the organizations that supported this resolution: The Saskatchewan federation of agriculture, Saskatchewan farmers union, Saskatchewan association of rural municipalities, the urban municipalities association, the school trustees association, the co-operative union of Saskatchewan, the Saskatchewan federated co-operatives, the credit union league, the women's co-operative guild, the Saskatchewan agricultural societies association, the Saskatchewan federation of home and school clubs, the Saskatchewan teachers federation, the Saskatchewan home makers club, the rural-municipal secretary-treasurers association of Saskatchewan, the Saskatchewan school unit secretaries association, and the local government continuing committee.

An hon. Member: Everybody but the Saskatchewan Conservatives.

Mr. Argue: Somebody says, "Everybody but the Saskatchewan Conservatives."

Mr. Hodgson: And the Ontario C.C.F.

Mr. Argue: Following the lead of their party obviously the Saskatchewan Conservatives have abandoned any idea of a system of support prices based on parity. This telegram is a demonstration that Saskatchewan is united in its support of parity prices, that all of these organizations in Saskatchewan are disappointed with the government's legislation which does not provide a system of parity prices based on the cost of production.

Not long ago the Saskatchewan wheat pool passed a resolution at their convention, I understand unanimously, saying that they are prepared to organize a mass delegation to come to Ottawa to impress upon the government that there is a need to provide adequate guarantees to the agricultural industry. This support by all of these organizations in Saskatchewan shows that the day is coming when the people of the country will say to the government in a united way, "We expect and insist that you keep your election promises."

Mr. Castleden: Mr. Chairman, my remarks will be very brief but I feel I must say something. A proper price support system for agricultural products based on the cost of production so as to give the farmer his fair share of the national income is a most important issue to the people of my part of the country. Not only is it important, it is vital to their very existence. The ability of this legislation to do that job will determine whether or not the family farm in Canada will continue to exist or will disappear.

For that reason we have welcomed the resolution on the order paper which says that it is expedient to introduce a measure to establish a system of guaranteed prices for certain agricultural commodities to be named therein and to provide that prices may be guaranteed for any other agricultural commodities.

We have supported this and have looked forward to the introduction of this measure. I will say we are very pleased to see the resolution on the order paper. We are rather surprised that the measure has not been bought forward earlier. We had some hope for the legislation until the minister got up the other day and explained one or two things to us with regard to the legislation, which dashed our hopes rather severely.

The first thing he said was that wheat, oats and barley were out; grains were out of the

measure altogether. As Minister of Agriculture he knows how many producers in this country depend upon wheat, oats and barley for their incomes. If these products are beyond the scale of support prices, then how on earth can the minister give any guarantee that these people will get their share of the national income? The minister talked about the base price and the floor price which is 80 per cent of that base price, but that certainly means nothing. If that is all we are going to get as a guarantee, then I can say we look to the legislation with a great deal of scepticism. A great deal will depend upon whether the advisory committee which he sets up will or will not recommend to the government a guaranteed price on farm commodities. We have no assurance that that committee or board will do the job. We have no assurance that if they make a recommendation to the government, the government will carry it through. We are sceptical of measures such as this which say certain things and then they are not carried out.

I have been here long enough to see some of these things in operation. I should like to read to the minister one clause of a bill which was passed in 1945, which was to guarantee farmers against a drop in prices. The minister will know this measure which is called Agricultural Prices Support Act, for the support of the prices of agricultural products during the transition from war to peace. Section 9, subsection 2 of that act reads:

> In prescribing prices under paragraphs (a) and (c) of subsection (1) the board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

How much that sounds like the measure we have before us today. How completely that measure failed in its application to do exactly what it was said it would do. Agriculture, in the past number of years has gone down and is in a very depressed condition, not only in the west but in the east as well. Reports from farm areas in Ontario indicate that farmers are unable to carry on their business, even in this province, and make a living. Reports indicate that 50 per cent of the farmers in Ontario are forced to go to industry to supplement their earnings, leaving a wife or a boy at home to try to make the farm pay.

Under the proposed measure arrangements are made for an advisory committee to advise the government as to what it should do. The annual report of the agricultural prices support board contains a repetition each year as to what the board is doing. In each one of the reports the reference to the advisory committee is identical, and I have checked the reports for 1952, 1953, 1954, 1955, 1956 and 1957. The paragraph reads:

> The general advisory committee to the board, under the chairmanship of H. H. Hannam, president of the Canadian Federation of Agriculture, held regular spring and fall meetings. The committee covered a wide field in its discussions and at the conclusion of each meeting submitted a limited number of carefully considered recommendations.

The same recommendations were made, but nothing was done. There was $200 million set aside for a support price program, but they have never used $100 million of it. It costs about $70,000 a year to maintain this board, for salaries and so forth. The money was never used, and that is the reason agriculture is sceptical about this legislation. The government might add another $50,000 to this amount, but if it is not used it does not do much good.

I am not going to say very much more, Mr. Chairman, except that we would like to see the bill. Perhaps the bill will give us more hope than the minister's statement has. Until that time comes, I shall reserve any further comments I have. My confrere, the hon. member for Winnipeg North Centre, says the bill could give little less. We reserve further judgment until the bill is brought down. I can say that if the bill does not mean any more than the minister has indicated in his speech, then we are going to have to fight it because this is a fight for whether or not we will maintain the family farm as part of the Canadian economy.

Resolution reported and concurred in.

Mr. Harkness thereupon moved for leave to introduce Bill No. 237, to establish a system of guaranteed prices for certain agricultural commodities.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Chevrier: Before I ask about the business of the house, could the house leader give any indication as to when we might receive a copy of the bill so we might look at it over the week end?

Mr. Harkness: I can get a copy for the hon. member right after the house adjourns from my office.

Mr. Chevrier: Could the house leader give some assurance that all the members of the house will receive a copy of the bill because unless members get copies it will not be possible for them to read the bill over the week end.

Mr. Harkness: The bill, of course, will be distributed as rapidly as possible. The hon. member knows the bill has to be dated and so forth, as to when it was given first reading, and it will be distributed as soon as that is done.

Mr. Chevrier: When is that going to be done? Would it be possible to put copies of the bill in the mail boxes tonight?

Mr. Harkness: I do not know whether that can be done. This being Saturday night, I do not believe the printing bureau is working on Saturday night.

Mr. Chevrier: What will be the business for Monday?

Mr. Green: On Monday we shall commence with the third reading of the act—

Mr. Knowles (Winnipeg North Centre): Is not Monday private members' day?

Mr. Green: I am sorry, Monday is private members' day. I was giving the hon. member more information than he deserved.

Mr. Knowles (Winnipeg North Centre): I was going to ask about Tuesday.

Mr. Green: On Tuesday the first item will be the third reading of an act to amend the Export Credits Insurance Act; then item No. 16 on today's order paper, a resolution preceding an amendment to the National Housing Act; then a resolution which appears in *Votes and Proceedings* today, preceding a measure to amend the Unemployment Assistance Act; then item No. 1 on today's order paper, the house in committee on a bill respecting a branch line of Canadian National Railways; then item No. 2, house in committee on a bill respecting Hamilton harbour commissioners; then item No. 3, house in committee on a bill to amend the Canadian Vessel Construction Assistance Act. Those have all been passed and reported back by the standing committee on railways, canals and telegraph lines. Then we shall take item No. 9, an act to amend the Pension Act; then item No. 7, a bill to provide for annual vacations with pay.

Mr. Chevrier: May I ask the house leader if he is able to give a further indication as to what will happen on the other days of next week?

Mr. Green: Mr. Speaker, I am afraid I cannot give that information tonight. I will give it to the different parties as soon as possible.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

FLOOD LOSSES, MEGANTIC AND BEAUCE—FEDERAL ASSISTANCE

Question No. 89—**Mr. Lafontaine:**

1. Since the beginning of the month of August, 1957, has the federal government received from the government of the province of Quebec any observations on or requests for financial assistance to the numerous persons who have suffered heavy losses, due to the flood of last August 3, in the counties of Megantic and Beauce?
2. If so, was such request considered, was a decision taken, and what was the decision?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

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

CHATHAM-ESCUMINAC TELEPHONE SERVICE

Question No. 175—**Mr. McWilliam:**

1. Has the government considered restoring the former hours of service on the dominion government Chatham-Escuminac telephone line?
2. If so, what considerations were given and what was the decision arrived at?
3. Has the government made any attempts to dispose of this telephone line to the New Brunswick Telephone Company?
4. If so, where does the matter now stand?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1. Yes.
2. The following methods were considered: (a) Construction of additional lines was explored with a view of establishing night connections by way of the switchboard at Bransfield; (b) employment of a part time operator.

A decision was taken in favour of (b).

3. Yes.

4. The department is awaiting a reply to a letter to the New Brunswick Telephone Company about their acquisition of departmental lines in the area.

INDIAN AGENCY COAL TENDERS

Question No. 252—**Mr. Bryce:**

1. Have tenders, 17643 and 17624 for coal, called by the Indian agencies for Fairford and Gypsumville been let?
2. If so, to whom, and at what prices?

Answer by: **Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration):**

1. Yes.
2. (a) 17643—Ashern Supply, Ashern, Manitoba—$244.20; (b) 17624—Ashern Supply, Ashern, Manitoba—$1,953.50.

CHRYSLER CORPORATION—AUTOMOTIVE SPARE PARTS

Question No. 262—**Mr. Martin (Essex East):**

1. Was an order for automotive spares, totalling $57,000, recently placed with the Chrysler Corporation of Canada?
2. If so, what is the description of these parts?
3. Can the Minister of National Defence say whether these automotive spares will be made in Canada or imported from the United States?

Answer by: **Hon. Howard C. Green (Acting Minister of Defence Production):**

1. Yes, on August 29, 1957.
2. 71 items of spares required for the maintenance of truck, $\frac{3}{4}$-ton, Dodge, military pattern vehicles as detailed on attached list.
3. The vehicles for which these spares are required were originally built in Canada to United States military specification, using Canadian-made components where practical. In this order for spare parts, the items for which a U.S. source is shown represent vehicle parts for which Canadian production was not undertaken because the cost of tooling up for the small quantities involved was considered to be prohibitive.

DEPARTMENT OF DEFENCE PRODUCTION

Serial 2-E-7-255

Item	Quantity	Ord. No.	Description of Supplies and/or Services		Source
			Mfrs. No.		
1	230	G741-7373764	CC 1268357	Bolt.....	United States
2	130	G741-7373695	CC 1270165	Button.....	"
3	225	G741 7351064	CC 1271742	Cable.....	"

DEPARTMENT OF DEFENCE PRODUCTION

Serial 2-E-7-255

Item	Quantity	Ord. No.	Description of Supplies and/or Services		Source
			Mfrs. No.		
4	60	G741–7374830	CC 1278218	Channel	United States
5	85	G741–7373704	CC 1268312	Flange	"
6	295	G741–7373705	CC 1268313	Flange	Canada
7	4	G741–7375403	CC 1270250	Gear	United States
8	40	G741–7373744	CC 1277075	Handle	"
9	18	G741–7373384	CC 1269428	Housing	"
10	33	G502–7744199	CC 1263955	Joint	"
11	80	G741–7372674	CC 1325989	Kit repair winch universal joint	"
12	30	G507–5249626	CC 926753	Knob winch shifter fork	"
13	12	G741 7351549	CC 1273994	Lamp	"
14	27	G741–7351201	CC 926760	Lining and band assy safety brake	"
15	23	G741–7350368	CC 1395507	Lock	"
16	23	G741–7348996	CC 657955	Lock wire horn button plate	Canada
17	13	G741–7350349	CC 1390591	Motor assy ventilator blower, left	United States
18	780	G741–7373760	CC 1189423	Pin	"
19	250	G741–7374783	CC 1277038	Regulator, window	"
20	330	G741–7374784	CC 1277039	Regulator, window	United States
21	40	G741–7005420	CC 1278257	Retainer	"
22	2,700	G507–7342520	CC 928954	Seal, dust, ball seat	"
23	30	G507–7412454	CC 926754	Knob shaft shifter fork	"
24	300	G741–7005417	CC 1277713	Windshield assy	"
25	90	G741–7374795	CC 1277644	Weatherseal	"
26	75	G741–7346903	CC 1279116	Weatherseal brake and transfer lever	"

DEPARTMENT OF DEFENCE PRODUCTION

Serial 2-E-7-255

Item	Quantity	Ord. No.	Description of Supplies and/or Services		Source
			Mfrs. No.		
27	600	G741–7374826	CC 1278174	Weatherstrip	United States
28	750	G741–7374828	CC 1278202	Weatherstrip	"
29	750	G741–7374827	CC 1278175	Weatherstrip	"
30	470	G741–7005423	CC 1278200	Weatherstrip	"
31	200	G741–7413024	CC 1273617	Gasket worm housing cover	"
32	490	G741–7005425	CC 1278201	Weatherstrip	"
33	407	G741–7350312	CC 1390276	Leaf No. 3	Canada
34	8	G741–7353816	CC 1292595	Lens surgical light	United States
35	47	G741–7373716	CC 1268811	Shaft rear axle drive left	"
36	50	G741–7374951	CC 1273599	Housing safety brake	"
37	60	G741–7706198	CC 1269843	Bracket shaft	"
38	90	G741–8328025	CC 1394247	Control Assy	"
39	1,280	G741–8328075	CC 1394963	Capacitor primary filter	United States
40	180	G502–5249421	CC 1190446	Pipe filler lower	"
41	80	1392600		Bulb assy spot lamp	"
42	140	1269419		Cable assy, winch	"
43	104	1300579		Contact horn cable	"
44	77	1393475		Flange transmission mainshaft companion	Canada
45	500	1392473		Gasket winch worm bearing retainer	United States
46	753	1398237		Handle assy, front door window	"
47	32	1395310		Handle assy rear door lock outside	"
48	56	1393478		Lever transmission gearshift	Canada
49	190	1390867		Shaft assy propeller front with joint	United States
50	1,150	393613		Spring pressure clutch plate	Canada
51	185	1503789		Switch assy convoy lamp	United States
52	24	1106571		Switch heater	"
53	450	1391647		Washer C, transmission, reverse shift rail lug plunger	Canada

DEPARTMENT OF DEFENCE PRODUCTION

Serial 2-E-7-255

Item	Quantity	Ord. No.	Mfrs. No.	Description of Supplies and/or Services	Source
54	86	1501149		Retainer winch worm housing bearing and assy	United States
55	45	427658		Nut, pintle hook adapter	Canada
56	700	963799		Screw, headless, carb throttle lever	United States
57	260	1270174		Spacer, winch power take off, reverse gear	"
58	85	1273614		Plate, winch clutch indexing	"
59	430	1274205		Handle, crankcase ventilator valve	"
60	345	1400913		Body vacuum section fuel pump	"
61	100	1400909		Body assy, fuel section	"
62	6,900	1501831		Gasket, mounting receptacle, generator regulator	"
63	45	1503218		Nut, pintle hook mounting	"
64	140	1565090		Leaf No. 3	Canada
65	150	1565089		Spring assy front without shackle	"
66	4	1560526		Door, partition	United States
67	400	1664982		Cable assy, circuit breaker extension	Canada
68	2,580	2530-00-164-3937	CC 683963	Lever, release pressure plate	"
69	2,580	5315-00-360-6898	CC 619463	Pin, release lever	"
70	1,518	2520-00-215-7202	CC 316767	Spring release lever	"
71	118	2540-00-735-1412	CC 1268969	Horn	United States

HOUSE OF COMMONS

Monday, December 16, 1957

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

TABLING OF LETTER FROM PREMIER BULGANIN

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, on Saturday I was asked to table a copy of a letter addressed to the Prime Minister on December 13 by the chairman of the council of ministers of the Soviet union, Mr. Bulganin. As I reported at that time, this letter was in Russian and was accompanied by what was described as an unofficial translation. Over the week end the Soviet embassy printed an English translation in its official news bulletin. This translation has been checked by the Department of External Affairs and found to be a satisfactory rendition of the Russian language letter. I should therefore like to table the text of this translation.

AGRICULTURE

SUGAR BEETS—ANNOUNCEMENT OF SUPPORT PRICE

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I wish to announce that the agricultural prices support board has been authorized to support the price of sugar beets grown in 1957 on the basis of $13 per ton for sugar beets with 17 per cent sugar content. Arrangements will be made in each producing area with growers' groups to make payments if necessary. It is intended that current grower contracts with sugar beet factories should continue to operate, and any payments which may be made will go direct to producers as a deficiency payment if the average returns to growers on 1957 sugar beets fall below the price level indicated.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I wish to direct a question to the Minister of Agriculture arising out of the announcement he has just made, but perhaps I should wait till the question period.

Mr. Gauthier (Portneuf): There is none today.

Some hon. Members: Ask it now.

Mr. Hansell: May I ask the minister if the price support is going to be uniform throughout all of Canada, or will the price support board take into consideration the peculiar interests of sugar beet growers in western Canada?

Mr. Harkness: This price will be uniform throughout Canada.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Agriculture a question. Would this in any way be affected by the resolution that was discussed on Saturday, the agricultural prices stabilization bill?

Mr. Harkness: The order was passed to cover sugar beets grown in 1957, so whatever level of price support is put on sugar beets for the following year would then be announced in the spring or early winter period, in other words the January-February-March period.

Mr. Martin (Essex East): In that event would the last three years be taken as an average, or just one year?

Mr. Harkness: In this particular case the provisions of the legislation which is now before the house have not entered in at all. This is the same sort of ad hoc price which has always been established and used under the price support legislation which we have at the present time.

Mr. Martin (Essex East): It is based on the previous act introduced by the Liberals?

Mr. Harkness: It is under the present act; it has to be, of course.

Mr. Hansell: Mr. Speaker, may I ask a supplementary question of the Minister of Agriculture in respect to the announcement he made concerning sugar beets. Has the announcement he has made taken into consideration the brief that was presented to the minister a few days ago by the sugar beet growers of western Canada?

Mr. Harkness: The answer is yes, Mr. Speaker; and I might say that the brief was not presented by the sugar beet growers of western Canada but rather by the growers in all sugar beet producing areas in Canada.

[*Later:*]

LIVESTOCK

HOGS—REQUEST FOR IMMEDIATE INCREASE IN FLOOR PRICE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to ask the minister whether in the light of the announcement he has now made it is not clear that anything that can be done under the proposed new bill can be done under the existing act and, if that is

so, will the minister consider action to increase the price on hogs that is currently at a disastrously low level?

Mr. Speaker: Order. I am afraid that is not a question so much to elicit information with respect to the statement the minister made as one relating to a matter on the order paper for discussion later.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, in answer to that question I would just like to say that this announcement bears no relationship to what is in the bill now before the house. There is no question of how much more that bill can do than the present act does.

Mr. Argue: Then my supplementary question, Mr. Speaker, is this. Is the minister giving consideration to an immediate floor price on hogs under the present act?

Mr. Cardiff: One thing at a time.

Mr. Harkness: Mr. Speaker, we in the department are giving constant consideration to the necessity for and the level of floor prices as far as any agricultural product is concerned, but at the present time it does not appear necessary to change the floor level as far as hogs are concerned. It may become necessary in the future weeks, but hog prices have been on the way up in the last couple of weeks.

Mr. Argue: They are still very low.

UNEMPLOYMENT ASSISTANCE ACT

AMENDMENTS TO REMOVE THRESHOLD PROVISION FROM AGREEMENTS, ETC.

Hon. J. W. Monteith (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Unemployment Assistance Act so as to remove the threshold provision from the agreements that have been concluded or that may be entered into hereafter; and to make certain changes for the better administration of the act through the deletion of a number of obsolete provisions.

Motion agreed to.

MOTION FOR PAPERS

NEW BRONSON AVENUE BRIDGE, OTTAWA

Motion No. 46—**Mr. McIlraith:**

For a copy of all correspondence and other documents exchanged between the federal district commission and the city of Ottawa, since June 10, 1957, concerning the proposed new Bronson avenue bridge over the Rideau canal.

Hon. Ellen L. Fairclough (Secretary of State): There is no objection to the motion, Mr. Speaker.

Motion agreed to.

[Mr. Argue.]

PUBLIC SERVICE

REQUEST FOR INCREASE IN PENSIONS OF SUPERANNUATED CIVIL SERVANTS AND MOUNTED POLICE

Mr. Daniel McIvor (Fort William) moved:

That, in the opinion of this house, the government should consider the advisability of introducing legislation to increase the pensions of civil servants and Royal Canadian Mounted Police who were retired, after long service, when salaries were low, so as to bring their pensions in line with those of the present.

He said: Mr. Speaker, I am very happy to have the opportunity of moving this resolution, because I do not think there is a hardship in Canada today that would compare with what the retired civil servants of this country are suffering. I am sorry the Minister of Finance is not in his seat. I see the hon. member for Carleton (Mr. Bell) is here, and I expect to hear him step on it and just go because he is convinced, as I am, that this resolution is right.

I am not going to spend any time quoting the outstanding speeches which were made last year by the Minister of Veterans Affairs, the Minister of Public Works and the Minister of Finance, or the outstanding speech which was made by the former leader of the opposition. To me this resolution indicates an outstanding need. I have come to the place where I do not care very much which party grants this increase in pension to our former civil servants. Whether it is the Liberal party, the Conservative party or the party which is not as good as either, it does not matter very much so long as we get this increase. I have been at this for a number of years but that does not matter now. We are at it now and we mean what we say.

There are two reasons why I bring forth this resolution. The first is the justice of it, and the second, the need for it. Every member of this house will realize, Mr. Speaker, that there is one petition in the prayer given by our Divine Leader, namely that the government may have truth and justice, religion and piety. I am emphasizing truth and justice now, and my first argument is justice. This increase in pensions is absolutely just. Therefore if it is not granted the government will be doing an injustice to the retired civil servants.

I should like to quote just a little bit of the speech of the Minister of Public Works: "The clear understanding was that the basis of this superannuation itself when it was first introduced was that they receive a stated percentage of their pay when they retired which would be sufficient for them to maintain approximately the same standard of living they had received before they retired." The

law of this country is a guarantee to the civil servant when he enters the service that when he retires he will have a pension that will help him maintain the standard of living he had before. If the government does not do that, then it is not practising truth and justice.

Another reason it is just is that these people themselves contributed to their pensions during all the years they were working, and they are not getting a square deal. Many of them worked ten hours a day six days a week. Those doing the same jobs now only work eight hours a day and five days a week. Therefore I say that if retired civil servants do not get a pension in proportion to the salaries being paid now they are not being treated justly.

Other countries like New Zealand, Australia and Great Britain have increased civil service pensions. Great Britain has made six increases. The United States has kept up to date but poor Canada cannot afford to pay retired civil servants the pensions they were promised by law. I read the local Ottawa newspapers fairly regularly. In the Ottawa *Citizen* of December 12 there was an article by J. A. Hume with the heading, "Civil Service Superannuation Fund Up." In that article he stated:

> At the end of the last fiscal year on March 31, the public service superannuation fund had a balance of $918,943,986 to its credit on the government's books. This represented an increase of $114,707,703 on the year's operations.

Therefore I say that if the government keeps piling up the superannuation fund and does not pay the pensions it promised by law it is not acting justly. If anybody can suggest stronger language to use I will be very glad to use it. I say the government is not acting justly toward retired civil servants in not granting an increase in their superannuation.

There is a need. I and other hon. members have received a submission by the civil service association of Ottawa in which some cases of need are outlined. The association tells us about a man who had to give up his apartment because his rent went up from $30 a month to $83. Another person had to leave his apartment, and others have had to cut down on clothes and recreation.

But the association did not give all the outstanding needs. I know a man in Fort William who, as I stated last year, had to give up his pipe. When a man has smoked for 40 or 50 years and has to give up his pipe so his wife can have a few more of the luxuries of life he is being hard hit, and it is not fair. If some of you had to give up your pipes you would be rooting around like wild men. I know when our hired man did not have his pipe we were advised to keep out of the way of his big boots, because he was not normal. When a man has to give up his pipe because the government does not pay him the pension he should have I say the government is not acting justly. I think that is strong enough language.

Some people say this country is hard up. I have listened to the members of the C.C.F. and Social Credit groups, who tell us how hard up the farmers are. I tell you their condition would not compare with that of the retired civil servants. If one compared the three meals a day which the farmers have with the two meals a day which our retired civil servants often have, then one would change his mind and be glad he was a farmer. I should like to prove the fact that this country is not hard up. I have here a report from the dominion bureau of statistics which proves that the people of this country spend $512 million on tobacco and $965 million on liquor. This means that a total of $1,477 million goes up in smoke or down the drain. If these luxuries were taxed in a small way the revenue would pay for larger pensions of our retired civil servants.

I am not going to say very much more, because I intend to keep my reputation for not making long speeches. I do not think it is necessary to do so. As the Minister of Public Works said last year, a speech on this question is not necessary. I am just stating that because of these two things, the outstanding need of the civil servants and because of the law of the land, the government should grant an increase in these pensions. As I look at my hon. friend the Minister of Public Works and think of the speeches he has made in the past 22 years and the co-operation he has given in the committee on railways, canals and telegraph lines, I often feel he meant what he said. If he meant what he said we will have this increase in pensions. I cannot do better in closing than to quote the recommendations of this civil service association. They are as follows:

> (1) That the government increase the pensions of all those now on superannuation by restoring the full purchasing power of the original pension; and
> (2) That the government safeguard the future purchasing power of pensions by granting an increase in pension payments corresponding to the percentage of any general salary increase;
> (3) That the costs of the increases recommended be borne solely by the superannuation fund of the public service of Canada, without any increase in contribution rates.

Mr. Speaker, my last words are these. After I get my cheque and before I hand it over to somebody who knows more about spending it than I do, if somebody were to say to me "Hands up", and I handed over my salary

you would call that highway robbery. But when the government say by law that you are going to get a pension according to your standard of living and then they fall down on it, what would you call that? I will not call it highway robbery, but if I were to use the language of the hon. member for Vancouver East I would use another word which I will not use here.

I appreciate your courtesy, Mr. Speaker, in listening to me for these 19 minutes.

Mr. Richard A. Bell (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, for the warm-hearted and non-partisan manner in which the hon. member for Fort William (Mr. McIvor) has presented this important and significant resolution, I am sure all hon. members are deeply indebted. Perhaps it is appropriate that one who has announced his own retirement from the public service at the conclusion of this parliament should this day be championing, as he has in the past, the cause of those who have retired previously from other forms and aspects of public service; and that he should be championing them, as he always does, with such geniality and Irish charm of manner for which he is noted in this house.

This is an important and significant resolution, and one which deserves the best attention of all hon. members; because there are in it implications of far-reaching importance not only to the retired civil servants but to the public generally. I am sure it must be evident to all hon. members that the rights and conditions of employment of public servants have a direct and important bearing upon the quality of government which we receive. I confess that I belong to what might be called the model employer school, believing that it is the duty of government to provide conditions of employment and rights of ample retirement benefits to all civil servants which will serve as a model and an example to all other employers. Unless that be so we cannot continue to attract, as we must, the very best persons to the service of the state.

All hon. gentlemen will agree, I am sure, that the present civil service is a real credit to Canada. In my opinion, Mr. Speaker, no other country in the world has a finer body of men and women serving the state. For diligence, for intelligent application, conscientious devotion to public duty and integrity, the Canadian civil service ranks as the very highest. The debate on this resolution I am sure will demonstrate that all hon. members have this high regard for our civil service, this admiration which I have expressed, and will demonstrate further the unanimous resolve of all hon. members that all aspects of civil service administration shall be kept out of politics, as well as the equally unanimous desire to assure that a civil service career shall be the highest and most satisfactory form of service, with adequate provision for comfort and leisure at the end of the road.

In reviewing previous debates which have taken place in the house on this subject I have been impressed by the fact that the exact nature of the problem has never been fully outlined by the government. It is for that reason that I should like to take some time today to present a comprehensive, factual, objective and, I assure you, wholly non-political review of the problem of civil service pension increases and of possible solutions.

The problem highlighted by the resolution moved by the hon. member for Fort William has been engaging the attention of this house, as was pointed out the other day, for a period of about 10 years. That the issue has not been effectively grappled with earlier is perhaps because its complexities have not been fully disclosed. Prior to the year 1947 the pensions of retired civil servants were generally very much better than those of other older Canadians with similar pensionable service, and the changes in the cost of living were such that there was no real occasion for any request for an increase in superannuation benefits.

Between the year 1947, however, and the present time three factors have intensified the problem year by year. The first, of course, is that the cost of living increase has destroyed the value of the pension for those who have retired. Conditions of inflation and the rapid decline of the value of the dollar have caused real suffering in many instances, and have severely reduced the standard of living of all superannuated civil servants and others who are on a fixed income basis. This was very well stated in the British House of Commons by the financial secretary to the treasury, Mr. Henry Brooke, in considering this matter on February 27, 1956. I should like, sir, to quote from the British *Hansard* of that date at page 589:

> First, the fall in the value of money since before the war has severely affected the standard of living of all pre-war pensioners, whether their pensions are above £550 a year or below. I know it could be said that only the people with smaller pensions suffer absolute hardship if nothing is done for them, but I put it to the house that it is not right to ignore the relative hardship which has now been endured for a long time by the older pensioners. Even those with larger pensions have had their standard of living eroded for many years. That is the view of the government, and I hope the house will endorse it.

The second feature has been the general salary increases for civil servants, increases

brought about in consequence of the fall in the value of the dollar, and increases of which we in this house all approve. But those who retired some years ago have seen other civil servants retiring from positions junior to their own but receiving higher pensions as a result of the higher salaries which entered into the pension formula. The general salary increases which resulted from the fall in the value of money have served, therefore, to bring about discrimination between those retiring some years ago and those retiring later, a problem which successive increases have intensified.

The third factor is the number of persons who have retired after relatively short periods of service with the government. For a person with a lifetime of service as a civil servant our Public Service Superannuation Act is one of the most generous, if not the most generous, in Canada; and it compares most favourably with that of any other country. But under the act a pension is payable, in case of retirement due to age or disability, after five years' service, and a widow's pension is payable if the husband has served for five years. Consequently there may be pensions as low as 10 per cent of the average salary in the case of a civil servant or, in the case of a widow, as low as 5 per cent of the average salary of the deceased husband.

It is perhaps because of these facts that the statistics with regard to low pensions are somewhat deceptive. Most of those retiring with very low pensions are persons who have had a relatively short period of service in the civil service, persons who almost certainly were engaged in other employment before entering government service. The question which arises in this respect is, to what extent should government pensions be expected to provide for a lifetime of service given mostly to other employers?

Mr. Speaker, I have taken some time to detail these three factors which, principally, have caused the present problem, because I submit that the remedy in each case may well be different. What might meet the problem of a person with a short term of service might not meet the problem with respect to the other situations I have mentioned. What may meet one situation may well create injustice in others.

These factors are vividly set forth in a table prepared by the Department of Finance showing the status of pensions paid to retiring civil servants of moderate income in various years from 1939 to 1956, after taking into consideration lengths of service from 15 years to 35 years. Because of the significance of this table I would ask leave of the house to include it in *Hansard* at this point. As I have indicated, it is a table prepared by the Department of Finance.

Mr. Speaker: Has the hon. member leave to have this statement included in *Hansard* at this point?

Some hon. Members: Agreed.

Mr. Bell (Carleton): The table is as follows:

Pensions Payable on Retirement

Retiring	Clerk 4			Postal Clerk 2		
	A	B	C	A	B	C
December 31	$	$	$	$	$	$
in 1939	576	960	1,344	522	870	1,218
1947	594	990	1,386	556	926	1,296
1950	650	1,084	1,518	628	1,046	1,465
1953	752	1,254	1,756	747	1,245	1,744
1956	887	1,478	2,070	883	1,472	2,061
	Astronomer 4*			Geologist 4		
in 1939	1,152	1,920	2,688	1,386	2,310	3,234
1947	1,155	1,924	2,694	1,405	2,342	3,279
1950	1,204	2,007	2,810	1,497	2,495	3,493
1953	1,324	2,206	3,088	1,688	2,813	3,938
1956	1,512	2,520	3,528	1,951	3,251	4,552

A—Retiring with 15 years service.
B—Retiring with 25 years service.
C—Retiring with 35 years service.

*Astronomer 4 is a small group but it was difficult to follow back many of the classifications in this salary level. However, in recent years the salary levels of this classification are comparable with those of chemist 4, engineer 3, economist 4 and statistician 4.

Now, sir, there are other factors which make a simple solution of the problem impossible. Our whole pension scheme is almost incredibly complex. Some civil servants' pensions are computed on the basis of a five-year average of salary. Others, and indeed the great majority, are computed on a 10-year average. With two general salary increases in the last three years it is not difficult to see how much the pension rights of those civil servants on a five-year average are improved in comparison with those on a 10-year average.

Then there is the question of pensions paid to members of the armed forces. I notice, incidentally, that the resolution put forward by the hon. gentleman does not deal with the pensions of the armed forces. I assume that is purely an oversight, and that he intends us to consider them as well as the pensions of civil servants and members of the R.C.M.P., with which the resolution does deal.

I point out that pensions paid to members of the armed forces and of the R.C.M.P. are calculated on the basis of a higher formula than that used with respect to civil servants generally. The principal difference in the pensions arises out of the fact that they are payable immediately on retirement at an age which may be earlier than a civil servant's immediate pension age of 60; and the amount of the pension is based on average pay over,

at the most, six years, instead of the usual 10 years now prevailing among civil servants generally.

I was surprised to learn that there are in fact six formulae for calculating the pensions of retired civil servants, varying from the use of the final salary in the case of long-term members of the armed forces, to three years, five years, six years and 10 years. The way in which these disparities complicate a just solution of the problem need scarcely be pointed out to the house. Those whose pension rights are based on salary for the shorter period of time obviously retire on pensions more closely related to the level of salaries at the time of retirement than do the 10-year average cases.

Then, sir, there is another group which I am sure the hon. member for Winnipeg North Centre will not let us forget; retired employees of the Canadian National Railways.

Having stated how the problem arises, and how it varies in degree and intensity, I want to turn to some of the proposals which have been made both in this country and in other countries.

Ministers of finance in the past, Mr. Ilsley, Mr. Abbott and Mr. Harris, in refusing requested increases, appear to have justified their position on the ground that any increase would be favouritism to retired civil servants over other groups of older Canadians who were faced with the same difficulties due to the decreasing value of their pensions or retirement savings under inflationary conditions. It has been strongly argued that the government should not use general tax revenues to give additional benefits to one relatively small class of senior citizens, when many times their number who purchased annuities, insurance or Dominion of Canada bonds, or who otherwise provided for their retirement, benefit only from payments under the Old Age Security Act. Mr. Abbott, I think it was, argued in the house that the government had in fact fulfilled its contractual obligation to its employees, and that having done so it had no greater obligation to retired civil servants than to other needy pensioners.

In principle this is a serious argument. To what extent must the government of any country indemnify its citizens against the decreasing value of its currency? If it does so for one group, must it not do so for all?

Serious though this argument be in principle, I believe it is fallacious in practice. The practical, pragmatic approach to this problem, in my mind, requires a more humanitarian attitude, more of a reflection of what I have styled the model employer approach. With the attitude that there is no obligation to retired civil servants I most wholeheartedly disagree.

The hon. member for Fort William (Mr. McIvor) has given us some details as to how this problem is handled in other countries. I would like to take a few minutes to deal with the legislation and practice in other jurisdictions. I know this has been done on other occasions, and I realize there have been put on the record some rather detailed explanations as to the position in other countries, but for the benefit of those who are in the house for the first time I wish to take a few minutes to deal with what has been done elsewhere.

In the United Kingdom the policy of increasing pensions of retired civil servants has been accepted since 1920, although it is true that until the year 1956 the increases have been subject to what was in effect a means test. From the beginning of the second world war until the present there have been four acts, in 1944, 1947, 1953 and 1956, all providing increases in the pensions of those who have been retired. In the 1944 and 1947 legislation there were percentage increases in the lower pension groups with a declining rate of percentage the higher the pension. The increases were given only in the case of actual hardship prior to the enactment of the 1956 legislation, and it was consistently argued that the government's side of the contractual obligation had been represented by the payment of pension and only after a means test ought any additional pension be paid.

The augmentation of the pension provided for in the legislation of 1956 departed for the first time from this basic concept of the past. The increases provided under this latest amending act were in varying percentages up to 10 per cent depending on the length of service and subject to a ceiling, in other words a maximum increase of £100. However, it is significant to mention that this was not to apply to the full extent to those retiring subsequent to April 1, 1952, since it was argued and accepted that the higher salaries received since that time would be reflected in their pension calculations.

I have taken some time in which to review the debates in the British House of Commons and the press comments in respect of the 1956 act. There is no doubt that this legislation was regarded as a sharp break with the previous treasury approach in the United Kingdom, which had been firmly opposed to increasing pensions except in the case of hardship. There was some mention in the debates of the objections which certain sections of the public had made to the alleged

unfairness in providing special treatment for this group of older persons, but apart from the recognition that this element of feeling did exist in the country all parties expressed approval of the measure, and there was no dissenting voice against the legislation for that reason.

Certainly the mother of parliaments has set a precedent in dealing with these matters, and I want to quote just one brief sentence from the speech of Sir Lionel Heald at page 609 of the British *Hansard* of February 23, 1956. I do so because it characterizes the debate in that House of Commons as I am sure it will characterize the debate in this house today:

> A question of this kind, which affects the rights and conditions of employment of public servants, is—mercifully—something which is high above all party considerations.

It may be of interest to the house when we are discussing pensions abroad to know that the French civil service retirement scheme provides for an automatic adjustment of pensions in line with general increases in salaries of active civil servants. The instability of the French franc and the inflationary conditions general in France would seem to make that wholly inevitable.

In the United States for a number of years there has been provision for augmentation of civil service pensions after retirement. I want to refer to public law No. 369 of the eighty-fourth congress approved on August 11, 1955, which contained the detailed formula for such increases. As I believe it is most significant in our consideration of this matter, I would ask leave of the house to insert in *Hansard* at this point a brief table taken from the act which contains the formula.

Mr. Speaker: Has the hon. member such leave?

Some hon. Members: Agreed.

Mr. Bell (Carleton): The table is as follows:

If annuity commences between—	Annuity not in excess of $1,500 shall be increased by—	Annuity in excess of of $1,500 shall be increased by—
August 20, 1920 and June 30, 1955	12 per centum	8 per centum
July 1, 1955 and December 31, 1955	10 per centum	7 per centum
January 1, 1956 and June 30, 1956	8 per centum	6 per centum
July 1, 1956 and December 31, 1956	6 per centum	4 per centum
January 1, 1957 and June 30, 1957	4 per centum	2 per centum
July 1, 1957 and December 31, 1957	2 per centum	1 per centum

The house will note from this table that the increases vary from 12 per cent upon the first $1,500 of pension income for those who retired before June 30, 1955, to only 2 per cent for those who retire from July 1, 1957, to December 31, 1957. In the legislation there is also a ceiling of $4,104, or in other words the increases will not apply to increase a pension beyond that amount. In congress there appears to have been little concern over what the public may have thought about these special provisions for retired civil servants, but perhaps this could be accounted for by the fact that it is now the accepted practice in that country to increase the benefits of recipients under their old age and survivors' insurance scheme after retirement without, of course, requiring any additional contribution. Actually the only real concern I was able to find voiced in congress was over the provision of funds to pay the increased pensions.

In this parliament I can find only one precedent for this type of action which is suggested, that being an amendment to the Royal Canadian Mounted Police Act in 1925 to provide an increase in pensions granted prior to July 7, 1919 so as to bring them up to the same pension level as if the pensioners were retiring on the effective date of the amendment but with the service which was to their credit at the date of actual retirement. There was a further amendment to the Royal Canadian Mounted Police Act in 1930 which resulted in a readjustment of pensions, but by a means not material to this discussion.

In the provinces so far as I have been able to ascertain there is no general pattern. Three provinces, British Columbia, Saskatchewan and Newfoundland have some provision. The province of British Columbia pays $1 per month for each year of service from the date of retirement until age 70, when this additional payment stops on the ground that the pensioner then receives old age security. In the province of Saskatchewan, under an order in council a bonus is payable to retired civil servants between ages 65 and 70. The bonus is a maximum of $45 additional per month provided it does not bring the combined pension and bonus above $75. The bonus ceases at age 70 when old age security payments commence. Thus it would seem to me that the position taken in British Columbia and Saskatchewan and the technique employed there relates wholly to the so-called

hardship cases and not to the general problem we are considering in the house today.

I have not been able to ascertain in detail the situation in Newfoundland. Apparently it is under an order in council, because I have not been able to find any legislative authority. The other provinces appear to have made no provision, although it should be said that in most provinces the pension is based on an average of the last three years of salary and therefore the pension bears a closer relationship to the retiring salary.

Mr. Knowles (Winnipeg North Centre): I wonder if the hon. gentleman would not like to give credit to the government of the province of Ontario for having done something in this field with respect to its retired teachers.

Mr. Bell (Carleton): Yes, the hon. member for Winnipeg North Centre is quite correct. In the province of Ontario provision has been made in respect of retired teachers, although that provision has not been applied to retired civil servants generally as yet. With regard to private Canadian employers there are isolated instances of pension increases to former employees but no general pattern appears to have developed yet.

I have taken the time of the house to make this rather comprehensive review of the legislation and the practice in other jurisdictions in order to show two things.

First, there is no insuperable obstacle to a just and fair readjustment of civil service pensions. On the contrary, it is possible, it is feasible and it is just, and it has been so established elsewhere. Secondly, the techniques of adjustment, or perhaps I should say of readjustment, are not simple; and to establish a relative justice between all classes of retired civil servants requires the most detailed investigation and study which are now proceeding with the greatest possible rapidity.

I confess, sir, that when I first started to study this problem I believed that if the government were disposed to act, the best and the simplest solution would be an overall percentage increase. And I think, from my review of the debates in this house, that that has been the more usual approach to the problem. But I have reached the conclusion, I have to say, that such an approach would create more injustices than it could possibly cure. In this respect there is a most apt reference on a slightly different point by Mr. Henry Brooke, to whom I have already referred, the financial secretary to the treasury, in introducing the United Kingdom bill on February 23, 1956, and I quote from page 588 of the British *Hansard* of that day:

> Most unfortunately, the more one studies that seemingly attractive possibility, the more convinced one becomes that it would be impossible that way to do individual justice.
>
> What we have to do is to take into account a total body of about 600,000 pensioners, who have retired after different kinds of services, with different kinds of pension, at different times over the past 30 years and more. What matters is to do justice, as far as possible, among all those individuals. One has to discard the idea of a simple, new scheme as soon as one discovers that whatever scheme of that kind one can devise, it will do justice that is too rough to be called justice at all.
>
> There is another possible method of proceeding. This other method, which has weighty advocates, is to legislate to bring every old pension up to the amount which the individual concerned would be awarded as pension, if he were retiring today on the same record of service as he actually had. But, apart from any other considerations, this method, too, is seen to run into practical difficulties, which I am afraid are insuperable. We are concerned with more than a quarter of a century of turbulent, national history which has seen enormous changes in the organization of the various services with which we are dealing.

This quotation, sir, is all too true of our situation here. A flat percentage increase in all pensions to those retiring before a certain date would give a pensioner retiring just before that date an unjustifiable advantage over the person retiring just after that date, with the same service. In addition, even for those retiring at the same time there is the complication created by the fact that there are six different benefit formulae to be considered when determining what increase should be made in the pensions of the three groups which are under review, namely the civil servants, the Royal Canadian Mounted Police and the armed forces; because, depending upon the time at which the individual affected came under the relevant statute, he will have received a pension of 2 per cent of a certain salary, or average salary, over a certain period for each year of service up to 35 years.

As I have already indicated, the position is very much loaded in favour of the person who retires on the final salary or his last year's salary rather than on a salary under the 10-year average upon which most civil servants are at the present time. I think it will be agreed by the house that there is a strong argument for providing more than one series of adjustment factors. I think, Mr. Speaker, it should also be pointed out that this is one of several problems under the Public Service Superannuation Act for which consideration is now required.

The hon. member for Rosetown-Biggar and other hon. members have interested themselves in the problem of those who are under the retirement fund, who regrettably and

foolishly declined to elect to come under the Public Service Superannuation Act. Consideration must be given by the house to what extent we are to give them another opportunity to rectify what always was and what now appears even to them to have been a major error in judgment.

I do not need to refer, sir, to the problem of the employees of the soldiers' settlement board or the department of soldiers' civil re-establishment who were not considered permanent, and therefore were not under the 5-year average when it was in effect and are now under the 10-year average, because many columns of *Hansard*, as hon. members know, have been devoted to that.

These, sir, are but indications—and I see my time is rapidly drawing to a close—of the problem with which the new government was faced when it took office not yet six months ago. Immediately the new government gave instructions that the fullest possible review of all these superannuation problems be made by officers of the Department of Finance, the department of insurance and the advisory committee under the Public Service Superannuation Act. That has been going on and is going on today. It is only partially complete. Preliminary reports only have been made, reports of such a nature that a final decision cannot yet be made by the government.

As the Prime Minister and the Minister of Finance have stated in this house, this statistical and actuarial review will be completed at the earliest possible date, and an announcement of the government's decision will be made immediately thereafter. This is the assurance I can give to the house. There will be no stall, no attempt to avoid the issue directly once the basic facts, upon which a wise decision can be made, are fully known.

I hope, sir, that the debate on this subject today will serve a useful purpose. I hope hon. members on all sides of the house will try to help the government to achieve a fair and equitable solution of this complex problem. That the government will welcome and will give earnest consideration to all constructive suggestions from hon. members I can give positive assurance.

The brief to which the hon. member for Fort William referred a few minutes ago was presented to the Minister of Finance on November 15 by the civil service association of Ottawa, and copies of it were sent earlier to all hon. members. That brief is a helpful and constructive document and personally I want to congratulate the association and its officers upon the excellence of their presentation.

Now, sir, specifically I invite hon. gentlemen to express opinions, which I say would be helpful, as to whether there ought to be a single formula for the pension adjustment if adjustment is to be made, or ought there to be different formulae, varying as to the types of pension one from the other. If there should be an increase, ought there to be a ceiling placed on the increases as in the United States or the United Kingdom; and if a ceiling, at what figure and why? These, sir, are questions upon which the opinions of hon. members in all parts of the house expressed today would be most helpful.

I want to close as I began, Mr. Speaker. Proper retirement benefits for all civil servants constitute an obligation of government. Once all the facts are known I do not believe this government will fail in its obligation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to commend the hon. member for Fort William for having brought this resolution once again before the house. It cannot be said of the hon. member for Fort William that he is raising a subject, now that he is on the opposition side of the house, that he neglected to raise when he sat on the government side of the house; for, as the records make clear, the hon. member raised this question a number of times, supported it when others raised it, and in the session in the earlier part of this year moved a resolution almost identical to the one that is now before us. Indeed, the only difference between the resolution of March 4 and the resolution now before us is that the hon. member for Fort William has now included a reference to retired personnel of the Royal Canadian Mounted Police.

I believe it might be assumed, as the hon. member for Carleton has pointed out, that when we are discussing this matter we are indeed discussing retired civil servants generally, including members of the R.C.M.P. and of the armed services, and the hon. member for Carleton anticipated one of my points, namely that whatever is done in this field should also be done for retired employees of the Canadian National Railways.

I want also to extend a word of commendation to the hon. member for Carleton on the remarks he has made. It is to be noted that he speaks not only as the member for Carleton but as parliamentary assistant to the Minister of Finance, and that gives particular weight to the assurances he has given today. We might have hoped, with all the study that has been given to this matter in the Department of Finance over the past 10 years, that it would be possible for the present government to move a little faster on this question.

I can assure the parliamentary assistant to the Minister of Finance and the government generally that we will hold them to this assurance to move as rapidly as possible in connection with this important issue.

Before I get into the body of my remarks I think it might be pointed out that the members of the present government are indeed under a very real obligation to proceed with this matter as rapidly as they can, because no less a person than the hon. gentleman who is house leader has had a good deal to say about this question over the years. I find that, so far as I can ascertain by going into the records, the first question asked about superannuated civil servants was asked by the member for Winnipeg North Centre back in 1947. It is found on page 469 of *Hansard* for February 17 of that year:

> Has consideration been given by the government to increasing the pensions of superannuated federal civil servants by the addition of a cost of living bonus or other supplement?

Mr. Mayhew, then parliamentary assistant to the minister of finance, answered "Yes". Then I put this second question:

> If so, what is the result of such consideration? Is the matter receiving attention at the present time?

This was the answer I was given by the then parliamentary assistant to the minister of finance:

> This question is still receiving consideration and the government's policy will be announced in due course.

The hon. member for Carleton will realize that one of the reasons I have read these words is that there is a certain similarity of ring between them and the words the parliamentary assistant has given us today. The matter is being studied in the department and just as soon as the government has reached a decision an announcement will be made. Well, we waited 10 long years for the previous government to reach the end of that consideration and make an announcement which failed to come. As a matter of fact it was a real disappointment last spring, after the assurance of some sort that the former minister of finance gave the hon. member for Fort William at the end of the debate on a similar resolution, that nothing was done by that government before it went out of office.

As the Minister of Public Works knows, he has taken part in most of the debates on this question across the years. I find, for example, that on April 1, 1949, as found at page 2267 of *Hansard* he said:

> These people are now met with a greatly increased cost of living. There is no doubt whatever that many of them, certainly those receiving small amounts, are having a very difficult time.
>
> [Mr. Knowles (Winnipeg North Centre).]

Later on he said:

> I cannot understand why the minister should just brush these requests aside and refuse to have an investigation made of the plight of the superannuated federal civil servants.

This was the Minister of Public Works years ago supporting us in our contention that something simply had to be done for these people. I am not going to read from *Hansard* of every year, but let me give just one or two more quotations. I turn to April 16, 1953, page 3958 of *Hansard*, and I find the present Minister of Public Works saying this:

> Finally I should like to endorse the remarks of the hon. member for Winnipeg North Centre with regard to retired civil servants. For a good many years he has been raising this point, and I believe I have supported him on each occasion.

That is correct; he did. I trust that he will still support us and that he will give strong support to this cause in the place where it counts, and that he will see to it that the action which has been indicated by the parliamentary assistant to the Minister of Finance will not be long delayed. We come down to 1956, and again we find the Minister of Public Works having something to say in this matter, as found at page 5586 of *Hansard* of July 2:

> I believe the time has come when the government should take some action. I remember it being raised first in the session of 1949, I think it was, and every year since that time the same thing has been pointed out to the government. However, we have been brushed aside each year primarily with the argument that a contract had been made, that these civil servants knew what they were doing when they paid into the superannuation fund, and that the contract could not be changed now.

He went on to make it clear that that argument did not carry any weight with him, and I am glad the parliamentary assistant to the Minister of Finance has re-echoed that point of view today, in saying there are no insuperable barriers to dealing with this problem if the government of the day has the will to deal with it.

Last spring when we were debating a resolution similar to the one now before us, also on the motion of the hon. member for Fort William, the Minister of Public Works said, as found at page 1845 of *Hansard* of March 4:

> This is one case in which the government has been a long, long, long time meeting the need.

He referred to the debates across the years, and finally he said:

> This need should have been met a long time ago.

The Minister of Public Works was quite correct when he said last spring that the need should have been met a long, long, long time ago. Ten years ago it was under study in the department and the government

of that day promised to announce its policy as soon as it was decided upon. I hope we are not going to have to go through another 10-year period before getting action out of the present government.

May I say one or two other things by way of the history of this matter. Something of what I might have said is now not necessary because of what the parliamentary assistant has done by way of referring to the practices in the United Kingdom and in some of the provinces of this country. He has also referred to what has been done by the federal government in the United States. He might also have referred to the fact that in some of the individual states improvements have been made in the pensions of those already retired. There are a few instances in private industry where it has been done, both in the United States and in Canada as well as in some other countries. It is also true that in New Zealand and Australia steps have been taken to improve the position of those already retired. We can take action here, and I hope the house will accept the invitation of the parliamentary assistant to the Minister of Finance and make suggestions to the government so that action may be taken soon.

It seems to me, Mr. Speaker, that in the main we have to divide this problem into two aspects. Perhaps they will have to be separated one from the other because the first one is more pressing. On the other hand there is the problem of the large number of people, retired civil servants and others, who are having to get by on very small pensions. Any attempt to build some new principle into the Public Service Superannuation Act to solve the problems that will arise in the future will not help those people who are on low pensions now.

I think the government is going to have to find some way to cut the Gordian knot and simply raise these pensions to a floor below which retired civil servants of the federal government should not be asked to live. So far as these people are concerned, I do not think the government should waste time trying to find some principle, some percentage formula. I suggest that there simply be established a floor below which no pension should fall so far as retired civil servants are concerned.

Perhaps at this point I might put some figures on the record. I shall read mine because there are very few of them. According to the last figures that we have obtained in the house, there were last spring still 393 retired civil servants drawing pensions of less than $20 a month. There was a total of 3,170, including the 393 to whom I just referred, drawing pensions of less than $50 per month. Similarly, there were 1,248 widows of retired civil servants drawing pensions of less than $20 a month, and a total of 4,395 widows of civil servants drawing pensions of less than $50 a month. In the case of civil servants, those on pensions of less than $50 a month constituted, last spring, 22 per cent of all those drawing civil service pensions, and in the case of the widows the 4,395 constituted 64 per cent of all of those drawing pensions as widows of retired civil servants.

Even after we have dealt with the problem of those who are drawing these low pensions, pensions upon which people cannot be expected to live, there is the problem in terms of justice of doing something to improve the pensions of those who have enough to stay alive but the value of whose pension payments have been reduced or destroyed as described by the parliamentary assistant to the Minister of Finance.

Mr. Bell (Carleton): Before the hon. gentleman leaves that point, would he mind answering a question? In respect of such persons, does he believe the old age security provisions ought to be taken into consideration as has been done in some of the provinces?

Mr. Knowles (Winnipeg North Centre): If my hon. friend maintains that some means test should be applied—is that what he is driving at?

Mr. Bell (Carleton): No; some additional payment at age 65 to 70 and perhaps dropping off when the automatic old age security payments come in at age 70.

Mr. Knowles (Winnipeg North Centre): Where some private employers have done that I have welcomed it as better than nothing, but I would not advocate it. To do that is to interfere with the basic principle with regard to old age security, that it is paid to everybody regardless of income, leaving it to the income tax to make any necessary adjustments. When you start taking into consideration old age security payments you create more problems than you solve.

I would prefer that what the hon. member has suggested not be done. There are other people with other kinds of income, people who are still working or who have investment income, whose private income is not interfered with by receipt of the old age security pension. We already have the case of the burnt out pensioner whose pension is interfered with because he receives old age security. I do not believe that should be the case, and I do not think we should extend

that principle into this field of the pensions of retired civil servants. In my view the universality of the old age pension is a good idea, and I do not believe we should interfere with it. In my view, if an employer has an obligation, as I believe he has, to provide a decent pension for his retired employee, that obligation is not taken away because of a state pension such as that provided under the Old Age Security Act.

I was about to make the point, Mr. Speaker, that not only do we have to be humanitarian and meet the plight of retired civil servants whose pensions are now in the lower brackets, but we have to consider the just claim of retired employees whose pensions might have been at reasonable levels at the time they retired, and see to it that the value of those pensions is kept up.

People have a right to receive enough to keep up with the cost of living. We go farther than that. We say that people have a right to receive enough, by way of pension, to keep up with a rising standard of living. After all, when people are retired any changes that take place in the economic levels are partly the result of the work they did in their working years. We do not believe that people, in their period of retirement, should be called upon to see the general standard of living rising while they have to tighten their belts and have life become progressively little more than mere existence.

We feel, therefore, that the whole Public Service Superannuation Act has to be looked at with a view to finding some formula whereby pensions can automatically be adjusted upward after employees have gone on those pensions.

Perhaps I could take this other half of the problem, as I was dividing it in the first place, and divide it into two parts. On the one hand there are hundreds, thousands, of retired civil servants now on pension, who right at this time may be getting a pension that sounds not bad when compared with these $30 and $40 pensions, but who feel that the value of their pensions has deteriorated since they retired.

In addition, there is the plight that will face some of our civil servants in the future, in that pensions which now sound adequate in due course will become inadequate. I have taken a quick look at one of these tables the parliamentary assistant to the Minister of Finance placed on *Hansard*. It shows that if a civil servant retires today, after 25 or 35 years of service, he has a pension that is not too bad. I accept that. But do we not all know that five or ten years after such a person goes on pension the cost of living may well have gone up? The standard of living, we hope, will have risen, and these people will find that the pension which sounded all right when they went on it will be inadequate.

I am going to come to this in a moment. I realize that this branches out into a much broader field than just the problem of civil service pensions, but for the moment let us deal with it in the field of civil service pensions. This seems to me to lend real support to the argument that has been advanced by some who have studied this matter that there should be built into the Public Service Superannuation Act a provision whereby once a person goes on pension at the rate determined by the formula in the act, that pension will rise automatically as the cost of living or the gross national product goes up across the years. I had a few things to say about this in one of the debates that took place on the matter in 1956. The suggestions I made, which I had gleaned through reading, of course, are to be found on pages 6107 and 6108 of *Hansard* for July 17, 1956.

I suggested, for example, that actuaries could ascertain, by studying the experience of the past, just how much the cost of living could be expected to rise during the period that a retired civil servant could be expected to live from the date of retirement to death. In other words, actuaries could ascertain in advance how much that pension should be increased year by year so the retired civil servant, during the years of his retirement, would have a fairly constant income in terms of its purchasing power in relation to the cost of living. This having been done, the government or parliament could make a decision as to whether those increases should be provided out of current revenue, year by year—and I think there is every justification for that—or the government and parliament might decide that what would be desirable would be a slight increase in the rate at which civil servants pay into the public service superannuation fund for the purpose of providing for these automatic increases in the years that lie ahead.

Another way, of course, is to have a separate fund altogether into which civil servants contribute so as to pay supplements to retired civil servants.

The *quid pro quo* in that case for civil servants being required to pay into such fund would be the knowledge that when they are retired, civil servants of that day would be contributing to a fund to increase the amount of their pensions at the time of their retirement.

Mr. Speaker, it seems to me that these two main problems are of equal weight and

equal importance. I refer to the immediate needs of those on low pensions on the one hand, and to adjustments to take care of future inflation, on the other. We must address ourselves to both of them. But I urge that the government not let the time it might take to solve the second problem delay action on the first problem. Here you have these hundreds or thousands of retired civil servants and civil servants' widows with pensions that are inadequate. The time it would take to work out a new formula to look after future retired civil servants is such that if the situation is allowed to go on, these people will suffer unduly.

I therefore urge that the two problems be separated and that something be done right now by way of establishing a floor for pensions of those in the lower brackets. When they have done that, let the government not think that ends the problem. I say again to the government that there is no use boasting about the fairly decent level of pensions that people can now retire on, and forgetting that in the course of time, unless something is done, these rates of pension will also become inadequate.

It seems to me that the only way this problem can be met is to build into the superannuation plan some arrangement for an automatic increase in the pension as the cost of living goes up, or as the standard of living goes up, or both. It appears that there are times when we look exclusively at the cost of living in relation to these matters. No one denies that old people should have sufficient pension to meet the rising cost of living; but I think in this age when we are becoming, I hope, a bit more humanitarian, we should learn that older people have not only the right to sufficient pension to meet the rising cost of living, but that they should have sufficient pension to enjoy or participate in a rising standard of living as well.

May I say, Mr. Speaker, that the argument we are advancing with regard to civil service pensions applies not only to those which come in that category, including the mounted police, the armed forces and the Canadian National Railways—let us bring them in as well—but it raises the whole question of the need for some rethinking about pensions generally. There is on the part of some a tendency to wage certain battles and then, after those battles have been won, to feel that nothing more needs to be done. There are some who feel that perhaps enough has been done in the field of pensions generally. I suggest that we are just moving into a time when we are going to have to face another whole problem with regard to pensions.

For a moment, if I may be permitted to do so, I am talking with regard to a field broader than just civil service pensions. There was a day, for example, when my predecessor, Mr. Woodsworth, had to stand up in this house and argue against terrific odds that there should be an old age pension. It was a long battle. Eventually that battle was won, and it became established that it was right for the state in certain cases to pay an old age pension. The battle moved on. In due course the issue became not just the paying of a pension but the paying of a pension without a means test. For the first number of years that some of us were arguing for the abolition of the means test we were met with the argument that this was ridiculous, that this could not be done, that this would break the treasury, and so on. Yet eventually that battle was won, and we have established the principle of a universal pension.

I suggest, Mr. Speaker, that the problem we are discussing today brings to our attention the realization that we are moving into a new field, that the time has now come when we must not only pay pensions to our older citizens, not only pay them on a universal basis, but must provide for those pensions to be adjustable, for those pensions to increase automatically so that people generally can meet the rising cost of living and participate in the higher standard of living.

We hear this suggested by some who argue that the old age pension, for example, should be adjusted according to the rise in the cost of living. We contend that is not enough. We contend that you must meet these other factors, the rise in the gross national product and the rising standard of living, as well.

I appreciate the fact that you did not call me out of order, Mr. Speaker, because I got away from civil service pensions into this broader picture, but I was doing it because it seems to me that what we are dealing with today is an issue that is of concern not only to retired civil servants, but is of significance to the country as a whole. To the argument which the hon. member for Carleton has very properly dismissed—and I am glad he did so—by saying we cannot do this because it would be a matter of discrimination against other Canadians, the answer I would make in reply is that this would be a case of giving a lead in this other field. In other words, if in the field of civil service pensions we can first of all establish the principle of a floor below which no pension should be allowed to fall; and if, in the second place, we can provide for pensions to be increased automatically after retirement to meet changing conditions, that will be giving a lead in the field of pensions generally, and it may be that this will be the beginning

of our moving into a better era in so far as pensions and retirement allowances are concerned.

It has been a long battle, both in this specific field of civil service pensions, and in the general field of pensions to get this principle of old age security established. It has been a long, hard battle. The victories have been won rather slowly, but we have made headway to this point. We contend that what we are discussing today is a very important aspect of the matter into which we are now moving, and that is the desirability of having all pensions put on such a basis that they will increase after retirement in order to enable people to meet the rising cost of living and participate in the rising standard of living that is made possible by the sweat and toil of our people, made possible indeed by what those now retired have contributed in their working years.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, at the outset I want to congratulate the hon. member for Fort William not only for his willingness but indeed his determination to stick to his resolution until he sees some daylight. I consider it a pleasure as well as a duty to speak to this resolution which the hon. member for Fort William has presented, and which reads as follows:

That, in the opinion of this house, the government should consider the advisability of introducing legislation to increase the pensions of civil servants and Royal Canadian Mounted Police who were retired, after long service, when salaries were low, so as to bring their pensions in line with those of the present.

I want to say that I think those pensioners, and a mighty fine class of people they are, deserve some consideration. I want to congratulate the hon. member for Carleton, the parliamentary assistant to the Minister of Finance, for the fine way in which he presented the argument on behalf of the government. If my memory serves me correctly I think that was his maiden speech in this house. I congratulate him on it. He has a fine speaking voice, is clear in his explanations and presents a mighty good argument. However, if he were in the opposition I think perhaps he would have taken a more positive view of this resolution and would not have submitted so much in a negative attitude.

Outside of those representing constituencies in the city of Ottawa, I think perhaps I have more retired civil servants in my riding than any other member in this house. The thing I find is that these people are now finding it mighty difficult to get along, because their expenses are far beyond their income. As the other hon. members who have spoken have pointed out, namely the hon. member for

[Mr. Knowles (Winnipeg North Centre).]

Winnipeg North Centre and the hon. member for Carleton, the devaluation of the dollar has caused them quite a bit of concern.

I found out two or three things while visiting these homes, Mr. Speaker. In the first place, I found that these pensioners are not greedy; they do not have the attitude that the government owes them a living; they do not have this "gimme, gimme" spirit that some people have. But they take the attitude that they should at least receive some appreciation for work they performed under previous governments. As I say, these people are not greedy. I think the greatest characteristics of greed are devastating and conquering. I do not think these people showed these characteristics, at least not during my conversations with them. They are now finding themselves in a very serious situation as a result of having to meet an ever-increasing level of municipal taxation out of a fixed income.

I found, Mr. Speaker, that these people are living in continuing fear. Someone has well said that one of the greatest evils of fear is fear itself. These people fear today, tomorrow, next week and next month. I think this government could do nothing better than relieve this fear, because so much continual fear and worry is driving many of them into trouble, and putting many of them on their sick beds.

I found, while visiting these people, that they do not try to be aristocrats, although in my opinion a lot of them have earned the right to aristocracy because as fine civil servants they were a credit to the government for which they worked, a credit to their country and now a credit to the municipalities in which they live. They want to hold up their ends, if I may use that expression, in their municipalities, but they are limited, as I say, by their difficulty in keeping up with ever-rising levels of local taxation. Nevertheless, they want to make those municipalities better places in which to live, and I think their efforts deserve a wealth of consideration.

One civil servant to whom I spoke told me he had heard the Prime Minister (Mr. Diefenbaker) express at different times the opinion that the pensioner should receive more as prices rose. Indeed, I listened to the Prime Minister speaking over the radio from Toronto when he said that a Conservative government would raise the amount to a figure high enough to meet the needs of recipients, with subsequent adjustments tied to the cost of living. Then again, in a television broadcast on May 22, he amended this

proposal to make it more specific by this promise and I quote:

> We intend to fix a fair and reasonable amount for the old age pensioner and, indeed, for the other pensioners, and also to make provision for a formula whereby due allowance will be made in the future for the rising cost of living.

And I well remember listening to election speeches made by the Prime Minister during his campaign when he stated on different occasions that it was time to take the unrepentant tax masters off the backs of the Canadian people. Well, we now have an opportunity to do this and I hope the government will acquiesce in the resolution so well presented by the hon. member for Fort William urging us to do something with regard to this problem and certainly by voting for this resolution we would be showing a spirit of reciprocity in the light of the work these retired civil servants have done so well on behalf of the government.

Mr. Speaker, at this time of the year, with Christmas coming close, we all know that the spirit and the theme of Christmas are based on the words "Peace on earth, goodwill towards men", and I say this, regardless of the political affiliation of any member of this honourable house, I think it is the duty—and I am not a minister—of every one of us to remember in our prayers each day the deliberations now taking place in Paris, and pray that we may see peace and unity in the years to come.

I appeal to the government to carry out the second part of this Christmas theme—good will towards men—and I am sure that if they would do something with regard to this resolution it would certainly make these people very happy, remove fear and anxiety from their homes and make their declining years upon this earth far happier than they are at the present time by giving them some assurance that they could at least meet the rising cost of living. If we could approve of this resolution I think we could throw back our shoulders and thrust out our chests with justifiable pride because we would have helped at least one class of people who performed their duty very well in the past on behalf of the administration of Canada in this wonderful service.

Mr. Speaker, what a wonderful Christmas present it would be if the government would announce that they intended to do something immediately with regard to increasing pensions paid to retired civil servants. I hope the government will act soon and that it will not wait too long for the report which the parliamentary assistant to the Minister of Finance has mentioned. Action is needed right now, not tomorrow or next year. These people are suffering, and it is up to hon. members of this house to do something on their behalf. I hope every effort is made to relieve the conditions under which many of our retired civil servants are living at the present time.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, other hon. members who have already spoken have dealt in the main with the subject of pensions paid to retired civil servants but have not dealt at any length with pensions paid to former members of the Royal Canadian Mounted Police and others. I should like to say a few words this afternoon in connection with the pensions paid to former members of the R.C.M.P.

I understand that this is the first time the subject of these pensions has been included in the resolution, and it gives me great pleasure to say something about it. When I began to do some research into this matter I thought the best place to begin would be by looking through the mounted police magazines and bulletins. The mounted police veterans association have a magazine, and most magazines of this type have columns and articles devoted to complaints or, at any rate, to drawing the attention of the public to various difficulties. I went to our splendid library and looked up a recent issue of *Scarlet and Gold* which is a publication of A division of the R.C.M.P. veterans association. I also looked at the R.C.M.P. *Quarterly*, and the commissioner's annual report because I thought that somewhere in these publications I would get a fairly good idea of the situation of the mounted police retired veterans. But in none of these publications I have mentioned—and I looked back over quite a number of years—did I find any complaint or article referring to pensions. I read of the historic deeds of members of the force in the early days; I read stories about the activities of the mounted police at the present time, crime detection methods, jokes on the police and so on, but nothing about pensions. The R.C.M.P. *Quarterly* also has an old-timers' column, which I read, and I found that all it contained was news about reunions, stories of the past and reminiscences.

Mr. Speaker, I could only conclude after going through all these articles that either there is nothing to complain about, or else the members of the force both present and retired are carrying on their great tradition of duty without complaint. After looking into the matter, I feel that the latter is the case—the R.C.M.P. is not going to air complaints in public. In fact, there is provision in the Royal Canadian Mounted Police Act

forbidding the members of the force from laying complaints except through their own organization and superiors.

For that reason I have a great deal of pleasure in bringing to the attention of the house some of the problems relating to retired members of the R.C.M.P. and their dependants. While the mounted police themselves do not seem to be unduly preoccupied with the question of pensions an examination of the statute indicates that this house and those members of it who framed the original act were definitely concerned. The record of the service, the desire to attract able and qualified men as recruits and to maintain a high standard of service led to the establishment of a complete and complicated system of pension.

The act setting up the Royal Canadian Mounted Police and its pension scheme is found in the Revised Statutes of Canada 1952, chapter 241. In this act there are 115 sections and of these sections 43 deal with the establishment of the force itself and 72 deal with pension matters. The very distribution of the sections of the act seems to indicate that the original legislators were concerned with this question. Two-thirds of the act deals with pensions for officers, constables and their wives and orphans and if that was the intention at the time the act was set up and the force was established I believe it should be no less our intention and concern today.

I think it must be assumed that it has always been the desire of this house to provide the personnel of the mounted police with a certain freedom of mind as to their retirement and as to the care that will be given to their widows and children if they suffer accident or death in the service and sufficient funds for themselves upon retirement or injury. This well drafted provision has now become slightly out of touch with present day conditions. The basis of the difficulty is easy to locate and I think it is rather in the same line as the general pension plan of civil servants. The basis on which mounted police officers and constables are given a pension is the pay and allowance they receive during the last year of their service and therefore if they retired when service rates were considerably lower than they are now their pensions would be correspondingly lower.

I would like to mention at this point some of the provisions in the Royal Canadian Mounted Police Act. Section 67 of the act provides for the pension of a constable on retirement in the following language:

(1) The pension of a constable on retirement shall be,

[Mr. Aiken.]

(a) if he has completed ten but less than 21 years' service, one-fiftieth of his annual pay and allowances during the last year of his service for every year of service;

(b) if he has completed 21 but less than 25 years' service, an annual sum equal to twenty-fiftieths of his annual pay and allowances during the last year of his service, with an addition of two-fiftieths of such pay and allowances for every completed year of service above 20 years; or

(c) if he has completed 25 years' service an annual sum equal to thirty-fiftieths of his annual pay and allowances during the last year of his service with an addition of one-fiftieth of such pay and allowances for every completed year of service above 25 years, but the pension shall not exceed two-thirds of such annual pay and allowances.

From this provision it is quite clear that the entire system is based upon his pay during the last year of service. This provision refers only to constables and section 44 of the act makes almost identical provision for officers of the force. The pension for widows and orphans is contained in another section of the act. This latter pension is somewhat different because while it is based on pay and allowances during the last year of service it is also made up partly of a contributory system. The constable during his service pays 5 per cent of his salary by way of deduction and the amount of the total accumulation of the deduction based upon his last year's pay and allowances forms the basis on which his widow and children are provided care. We can readily see from this that those retired members of the force who left the service some years ago and their widows and orphans are receiving pensions based upon rates of pay of perhaps five, ten or 15 years ago.

There was a general pay increase in 1956 at the same time the general civil service increases were granted. An examination of this pay rate indicates that it is a reasonable one and that the general pay and allowances of the mounted police, while they may leave something to be desired, are fair and equitable. This will work very well for those who are presently in the service and will be retiring following the granting of this increase but it will also work a hardship on those who are trying to get along on a pension based on what they made a few years ago. The hon. member for Carleton (Mr. Bell) has stated that the matter is receiving serious attention on the part of the government not only with regard to the services and the R.C.M.P. but all other classes coming within the general scheme.

As is the case with all classes of persons in receipt of pensions, those in receipt of mounted police pensions have problems which are not simple to deal with. The first thing is that widows and orphans' pensions are contributory and therefore the basis of

payment is the basis of a contract. During his service a constable has paid into a fund, which has been set up, a percentage of his pay and when he retires from service or loses his life while in service the widow and children receive the amount which has accumulated and therefore this also raises difficulty with regard to other pensions. A contractual basis is there.

The government of Canada has agreed to assist R.C.M.P. veterans and they have agreed to accept such pay and the allowance as based on a contract. We have to consider to what extent the moneys of the general public should be used to increase an amount which was originally started off on a contractual basis. As pointed out by the hon. member for Carleton, other people who contributed to retirement allowances and similar schemes are not entitled by any stretch of the imagination to receive increases from the government merely because what they receive is lower than what is received by some one else. That is the first difficulty in meeting this particular problem.

The second matter which has to be considered is that many of the persons who are going to be particularly affected by an increase are those who retired some years ago. It would almost be safe to assume that most of those people would be within the old age pension bracket and we do know that at this session of parliament there has been at the public expense a general increase in pensions for all persons and those who come within the age 70 and older group have benefited as a result of those increases.

Then, there is also the 65 to 70 years of age group who may be receiving Royal Canadian Mounted Police veterans' allowances as well as old age assistance. There again, something is to be gained from a serious consideration and adjustment of the problem. There are also a number of people—and this is well known—who retired from the mounted police in what might be called the prime of life. If they entered the service when they were fairly young and served 20, 25 or 30 years and chose to retire, they did so with a reasonably good pension and they still have the opportunity of going into similar work. A good many of the chiefs of police in the smaller towns and persons of that kind are retired mounted police constables who gained a lot of experience in their service with the force. Those people have a regular income and probably they consider that their pension from the R.C.M.P. is in addition to that income and is something on which they can always fall back in case they lose their present income.

In Ontario and Quebec we have provincial police forces, but, except in those two provinces, the entire mounted police force do provincial duties as well as federal duties, which they were originally set up to do. Those who are relying mainly on their pension granted under the act referred to and who retired under the low rate are no doubt experiencing financial difficulty owing to the increase in the cost of living. Those are the people who must be considered. We must consider those who have no other source of income and who have suffered from the general increase in the cost of living.

I have not made any attempt to outline the great history and tradition of the Royal Canadian Mounted Police and its predecessor the Royal Northwest Mounted Police, but in considering this matter we must remember that the Royal Canadian Mounted Police are recognized the world over. They are a sort of badge of Canada. In addition to the maple leaf you see figures of the mounted police. In the minds of many people the world over they do represent Canada. Therefore, it is important—and it was the original intention —that the mounted police be kept on a high standard; that the pay and allowances be kept at a rate which will induce persons of high calibre to enter the force, and we should give them pension allowances which will remove from their minds any concern about their retirement. We must consider that they might take another position in life and probably earn a great deal more with a lot less hardship as an average citizen.

May I say just a few words about police duties generally. We all know, of course, that police duties are not the most pleasant in the world. In general, the police have the duty of carrying out the legislation which we pass in this house and which is passed in the legislatures of the provinces. Police duties involve those people who either wilfully or carelessly resist or ignore the laws of the land as they are established. At one time it was thought that the Royal Canadian Mounted Police had to do only with policing the cold and vast hinterland of the north of Canada, and that their duties perhaps were not onerous except for the privations that they must endure and their obligation always to get their man throughout the snow-covered wastes of the northwest. Their duties have changed now. As I mentioned a minute ago, they carry out normal police duties in eight of the 10 provinces under arrangements with the various provinces.

We must consider this also in relation to the duties they must perform. The standard of conduct of the R.C.M.P. is very high. I mentioned a few moments ago the fact that a large number of sections of the act deal with the pension scheme of the R.C.M.P. and

their dependants. In addition to that, one of the sections deals with no fewer than 24 offences which the R.C.M.P. constable may not commit and if he does commit them it may result either in his being arrested and fined or discharged from the service. These particular offences in the normal course of human existence in this country would not all be considered extremely serious; but the standard of service which is set in the act is high and the offences which they may not commit in service are very difficult to follow out.

In view of all these matters, Mr. Speaker, I do feel that very serious consideration should be given to the matter which is the subject of this resolution. I have not said anything about the civil service because it has already been very capably dealt with by hon. members who have made a serious study of the matter not only at the present time but over the years. The same rules should apply here as apply to the mounted police. This resolution is opportune and I think the mounted police pensions were well included. I am in favour of supporting this motion.

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, in view of the stand taken by the hon. member for Carleton (Mr. Bell), I do not see that there is much to be gained by using up the time of the house on this resolution. However, in the light of his request for information, we may be able to dish out a couple of points which may be of use to him when he really gets down to the consideration of this resolution.

Of course, his address was in many respects quite negative. I followed it as closely as I could and I did get the general impression that he was in favour of the resolution but how actively in favour or how enthusiastically in favour, of course, is another matter. You can be in favour of something, but in a case of this kind the people are aging and dying off and you can keep giving consideration to it and being in favour of it until the problem has solved itself. The hon. member gave acceptance to this resolution in just about the only manner in which the government could because, I am sure, that in the face of the debate which took place in March of last year the reaction could not be otherwise.

It is true he did not present many figures as has been done by past ministers of finance and departmental heads, and perhaps that too is in accordance with the words of the hon. member for Esquimalt-Saanich (Mr. Pearkes), when speaking in the debate on March 4, 1957. As found at page 1856 of *Hansard*, he said:

> I do not believe this house will be satisfied with listening to a lot of figures the Minister of Finance will put on the record later, perhaps only to show that it is going to cost this country a geat deal of money.

In the face of that I think the hon. member did about all that could be expected. He did not talk too much about money. He talked about the difficulties of working out scales and he made one statement to the effect that he did not feel the taxpayers' money should be used to assist a small minority as it might be an act of discrimination against larger classes. I think that was the meaning of what he said. I agree that all pensions have got to be reasonable. I do not believe in discrimination. I believe in fair play to all. On the other hand, we are dealing with a particular problem here and I think we might ask ourselves this question. Must this small group of pensioners be left to struggle and suffer, because the employer, in this case the government of Canada, did not provide a scale of pensions to meet their needs, while a plan is being worked out that will avoid any semblance of discrimination?

There is also the fact that in dealing with this question we are dealing with human values, values on which a dollar price tag cannot be placed. As I said earlier, I cannot see any need to spend too much time in deliberation and consideration in order to work out a scheme that from the financial point of view will be absolutely fair and actuarially sound. I agree with the suggestion put forward by the hon. member for Winnipeg North Centre (Mr. Knowles) that in the meantime, in order that we may get on and meet the needs of these people in some way, a pension floor could be established. Some amount of money could be set as the minimum that would be payable to these people and action should be taken immediately to raise their pensions to a floor which will guarantee them a reasonable standard of living. I am going to quote another authority in support of that suggestion in the person of the present Minister of National Defence. As found at page 1855 of *Hansard* of March 4, 1957, he said:

> If the government is not able to check inflation, then it seems to me only fair and just that the government must find some other means of helping those who are really the underprivileged class of the nation.

He is referring particularly to the deterioration in the purchasing power of the dollar. A few years ago $100 a month looked like a reasonable pension but we know how little the real value of that amount of money is today. Therefore I say that any floor that might be fixed as a matter of expediency and urgency should have regard to the cost of

living at the present time. That would be in keeping with the view of the Minister of National Defence in the remarks to which I have just referred.

I was also pleased to hear the hon. member for Carleton say that an adjustment is possible and that the matter is being given consideration. But I should still like to know whether the government is going to vote for the resolution and whether the consideration is going to be prompt or whether the matter is going to be stalled along for many years. When the present Minister of Veterans Affairs (Mr. Brooks) spoke in the debate on March 4, 1957, he said, as found at page 1860 of *Hansard*:

> —unless the government takes action, nothing will be done this year just as nothing has been done in previous years.

We know that nothing will be done this year but we would have felt much better if the parliamentary assistant to the Minister of Finance had assured us that their studies of the problem had reached the stage where they could assure the house that legislation would be introduced at the next session of parliament. Time is running out. After years of trying to eke out an existence on ridiculously low pensions, these people are finding it more and more difficult to finance their daily living. They are finding that under the present government just as under the former government the purchasing power of the dollar is shrinking daily and the problem is growing more acute. There is also the fact that many of these people are reaching the last stage of their life expectancy and I think it is high time that the government improved the treatment it has been handing out to them and raised their pensions at once so that in the latter years of their lives they may know something about what a reasonable standard of living can do for them. Many of these people are passing out of the picture altogether and, as I said, the longer the government waits the smaller the problem becomes due to the decrease in their numbers. I hope that prompt action will be taken and something will be done before the problem solves itself in its own way by these aged pensioners passing completely out of the picture.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, at the outset I should like to commend the hon. member for Fort William (Mr. McIvor) for the warmth with which he has brought forward this matter for discussion today. I refer to his warmth of feeling for a class of citizens who find themselves in some difficulty. I think I should also acknowledge and commend his persistence and his consistent arguments year after year on this subject.

I listened with a great deal of interest to the speech of the hon. member for Carleton (Mr. Bell), the parliamentary assistant to the Minister of Finance, and there are some phases of it that I should like to refer to particularly. I notice that the resolution deals with increasing the pensions of civil servants and of the Royal Canadian Mounted Police and that in the course of the discussion of the resolution other matters have been raised with regard to finding a new method of dealing with the Civil Service Superannuation Act generally.

I think it is probably well that I do not digress into that field because, while that subject is quite interesting and I do not want my failure to deal with it to indicate lack of interest in it or support of it, the points raised by the hon. member for Winnipeg North Centre (Mr. Knowles) went a bit farther than the resolution and, indeed, form the subject matter of something that should be discussed separately when the Civil Service Superannuation Act is being discussed by itself.

In the early stages of his remarks, the hon. member for Carleton paid high tribute to the civil service, and indeed in doing that he was only being consistent with the views expressed by ministers who form the present government. It has been a very common practice for them to do that since this house opened, a practice which I indeed find very pleasing. I think it is a great tribute to the former government to have this government, which has so recently taken office, commenting on and commending the building up of the administrative arm of government which is held in such high esteem. I hope that will be the condition when governments change from time to time, as inevitably they will in the future. I hope that any new government coming in will be able to make the same remarks with as much conviction as they have been made in recent weeks by the present Conservative government.

I am one of the few members of the house who recalls the previous change of government, and who heard many of the speeches made in this chamber at that time. I was not a member of the house, but was occupying another part of the house and heard the speeches. The truth of the matter was that the civil service of Canada, at the time the new government of that day took over in 1935, had become so demoralized, so completely broken down in confidence and in ability by the wanton dismissals, if I may use that term, by the reductions in pay, the stopping of statutory increases and the stopping of promotions and reclassifications, that it was indeed a civil service about which the same remarks as were made by the hon. member for Carleton could not have been made.

Mr. Bell (Carleton): Why do we not keep politics out of this?

Mr. McIlraith: I want to express the hope that that condition will not arise in the future. I believe that the approach to these matters has very much improved in the intervening years, and I can only say that it is my very genuine wish that the views the hon. member for Carleton has expressed about the civil service today will prevail and that the views of the hon. member for Victoria (Mr. McPhillips), as reported in the Victoria *Colonist*, will not prevail. I hope that this hon. member's views do not represent any substantial body of opinion amongst the supporters of the government, and that is a very genuine remark on my part. I believe that the hon. member for Carleton would very strongly support me in such remarks.

Mr. Hodgson: The hon. member had better not say the same thing about Victoria, Ontario.

Mr. McIlraith: I think the hon. member for Victoria, Ontario, has a little more judgment, and having had some contact with the civil service since his appointment as parliamentary assistant he will come to share my view on this matter.

Mr. Hodgson: The best there is; I mean my department.

Mr. McIlraith: Well, that is a pretty good compliment and just the way the civil service should be kept, in my view.

As to the hon. member's remarks about the government as a model employer if I turned up the references I could show the hon. member for Carleton remarks made in an earlier speech some years ago by one of his close neighbours in the house, where similar mention was made of the government being a model employer. The hon. member for Carleton's remarks along that line are ones that have been made previously in the house, and not by a supporter of the Conservative government. I was quite pleased with them.

I took it from his remarks that he was trying to approach this matter in an objective way, and not in a partisan way; that was the interpretation I placed on them. Indeed, I am looking forward with interest to getting the actual text of his remarks to see precisely what he did say on that point.

I should like to take him up on that, and to try to approach this problem from the point of view that may bring forward helpful considerations. I, for one, would like to see the matter voted upon by the house.

Mr. Knowles (Winnipeg North Centre): It would be unanimous.

[Mr. McIlraith.]

Mr. McIlraith: I hope it will not be talked out, and for that reason I will not spend as much time as I would like on developing the question of the need of certain civil servants and pensioned R.C.M.P. for assistance. I take it that case has been made. Certainly as I was looking at the remarks of some ministers of the crown, I take it that it should not be necessary to convince the present government of that need.

The matter is somewhat complicated. There is no doubt about that, and no useful purpose would be served by trying to make it appear a simple matter. One of the difficulties I always found in working on the problem was that the statistical tables showing the average amount of superannuation being drawn by civil servants could be misleading. In some of the groups of low payments you would find persons who were receiving very low payments because they were superannuated before the pay increases had been granted and were, therefore, receiving very low pay. These persons, even though they had long terms of service, were suffering real hardship. In the same set of statistics you will often find a few who had been superannuated when they were quite young because of the abolition of their positions or for some other reason. They received a small pension because they had only worked in the service the required ten years and had not made it their career. It is not quite good enough to just take the statistical figures as they stand, and argue the case from there.

The real hardship comes from the fact that there are many superannuated civil servants who were superannuated on the basis of earnings of the last ten years of their employment, but the date of whose retirement was prior to the date when pay increases became effective. For all practical purposes, pay increases in the civil service started about 1948. There were certain other increases, but for the purposes of this argument I shall ignore them. The pay increases started in 1948 and have continued during the years until now we have had two general increases in the last three years. This problem is not to be confused with problems relating to the superannuation rates that will be applicable to presently employed civil servants who will be superannuated in the future after having worked on the higher pay levels for the required ten years. This is a particular problem applicable to those civil servants who were superannuated on the basis of ten years' service before the pay increases were effective.

Because this problem arises in that way, it makes it somewhat difficult to find a general principle that will be applicable and that will

bring the desired relief. So far as I am concerned, relief there must be. I am inclined to think that the practical method of working out relief for those persons is not through waiting to amend the superannuation act by tying superannuation to the cost of living, but rather by seeking to make some direct payment to those former civil servants who, for the reasons I have mentioned and other related reasons, find themselves now unable to live on their superannuation.

That may lead the government into having to deal with them on a separate basis outside the superannuation fund. If in the study of this matter they find that it is necessary to do that, I would urge them to do so. The civil service superannuation fund is now on a good basis. The whole act was well administered and it is a very effective act. Indeed, the hon. member for Carleton, unlike his minister, was quite modest about the claims he made for the superannuation act. Having regard to any acts that I could examine and with which I could compare it, I believe it is the best one that I have found. Certainly that was my experience, and over the years I have done a fair amount of work on it.

In seeking to cure this problem I would not want to have the government in any way weaken the act itself. On other occasions I may have something fairly sharp to say about the failure of the Minister of Finance (Mr. Fleming) to support the civil service superannuation fund with the $50 million contribution proposed to be put in it by his immediate predecessor. However, I do not want to open up that subject now, other than to say that the civil service superannuation fund and the retirement funds that preceded it have been built up over the years. If you examine the history of them you will find that there were periods when they were in a very much weakened condition, or when they were not actuarially sound. As far as I am concerned, I want them to be brought on to a sound actuarial basis and kept there. A great deal has been done—and I think I can claim some credit for the former government for this—in putting that fund on a proper basis and indeed the whole superannuation legislation as it has developed since the superannuation act of 1924 and the basic amendments in 1944 and 1947. I think that is something for which the former government can claim a good deal of credit.

In meeting this problem, I hope it will be treated in such a way that the administration of the Civil Service Superannuation Act or the fund will not be impaired. But in saying that I want to make it clear that I am not in any way minimizing the need for action in accordance with this resolution. Action is desperately needed by a number of superannuated civil servants. I do not think the number can be determined just by taking the statistical tables that have been given from time to time in answer to a question from the hon. member for Winnipeg North Centre. However, the number is substantial.

Mr. Knowles (Winnipeg North Centre): I wonder whether the hon. member would permit a question.

Mr. McIlraith: Yes.

Mr. Knowles (Winnipeg North Centre): Would he consider that it might be possible to meet this problem by putting an item in the estimates in the same way that the Intercolonial railway employees had their pensions increased, pending some statutory changes with regard to the other problem?

Mr. McIlraith: Yes, Mr. Speaker. I can give a perfectly dogmatic answer to that question. My whole point is that it must be met in that way. It seems to me that it must be met on the principle that it is a payment by the crown to former employees who had a long record of faithful service to the crown and in recognition of that service. It seems to me that that is a way in which to deal with it now.

I could deal with the mounted police aspect of the resolution. It arises somewhat differently because when you go into the history of the mounted police you find that the fund was not always a contributory fund on the same principle as was the civil service superannuation fund. There is quite an early history from the days when it was an arbitrary amount paid by the crown as an *ex gratia* payment and so on.

While the history is different, the need is just as great. As a matter of fact, the need for a more comprehensive piece of legislation with respect to the mounted police was probably greater than with respect to the civil service in the early days. In any event, there is this number of persons who served with the R.C.M.P., who were pensioned under the old provision and who are in real hardship today. Indeed, if you check into such places as the corps of commissionaires—that very splendid force so well known in many parts of Canada and very well known in Ottawa—you will find in the personnel some of these pensioners of the R.C.M.P. who are doing their duty now and doing it well. However, when you question them about their pension, it is just a shocking situation that you find. That situation must be met. I see no difficulty in meeting their case directly.

It does not do violence to any of the principles of the contract relationship at all because they were not always on a contributory basis. There is a case to be made there—a somewhat technical case, I may say—on that ground.

One point that troubled me a bit was that near the conclusion of his remarks the parliamentary assistant spoke about the fullest possible review of the facts being made, and he made reference to the advisory committee under the Civil Service Superannuation Act and so on. I hope that in dealing with this matter that did not mean that the R.C.M.P. part of the resolution was being neglected in any way. In other words, it would require some other body than that advisory committee to do the fact finding on the R.C.M.P. part of it, at least to supplement their work. I hope he will watch that matter as the work is being done in the department. As a matter of fact, I hope he will press this matter for this reason. I believe he will find that the Department of Finance officials have done a great deal of technical work on this matter and have a great mass of information already available. I hope that the delay is not a delay on the part of the government. I know something of what work the Department of Finance have done on this subject and I should think they are close to being able to give all the information asked for. An enormous amount of work has been done on the matter over the years.

I could go on. If you look at *Hansard*, you will find a great many remarks on this subject made by the present members of the cabinet when they were in opposition. I think it would be easy to pick them out and to embarrass them thoroughly with those remarks. However, I am going to refrain from that pleasure in the interests of getting the measure forward. I must say that the temptation is great. I have been looking at some of the remarks and I wonder at times how they came to be appointed ministers of the crown after being so—

Mr. Knowles (Winnipeg North Centre): The Minister of Public Works (Mr. Green), the Minister of National Defence (Mr. Pearkes), the Minister of Veterans Affairs (Mr. Brooks)—

Mr. McIlraith: —careless in their remarks. In any event, perhaps I had better let that subject drop. I want to get something done about this. But I hope the parliamentary assistant to the Minister of Finance will, privately, remember something of what they said, because if he does not get effective action taken on the matter I suspect he will find that the ministers of the government will be reminded of these remarks, and reminded many times.

The hon. member for Carleton, in concluding his remarks—and I have treated his remarks as if they were a statement of the government's position, although he did not say they were, and all sorts of technical arguments could be raised as to whether or not a parliamentary assistant can state the government's position—spoke, in particular about action "once all the facts are known". It seems to me that the whole matter turns on this phrase "once all the facts are known". I suggest to him that these facts are all known already, that they are all available. Then the hon. member went on to state a very strong belief in the government. I must say that I cannot share it, but that is another matter. As a matter of fact, I think a great many hon. members in this house, having watched the government's program over the weeks, may not share it either. But in any event I want to say that so far as I am concerned I will wait and see. I hope the hon. gentleman's speech meant what it appeared to mean, that is that the government intends to take action on this matter, and intends to take action on it right away. I take it the intention is to act once the facts are known and, as I say, the facts are all known and on record.

So I conclude my remarks with a hope that a vote will be taken on the resolution and that the vote will be followed quickly by action by the government to meet this problem.

Mr. A. R. Smith (Calgary South): Mr. Speaker, I should like to associate myself with those who have congratulated the hon. member for Fort William (Mr. McIvor) for bringing this matter to the attention of the house, and to say to him at the same time—quickly, before I am ruled out of order—how much we on the back benches appreciate the many occasions on which he has walked across the floor to say hello to us and provide us with encouragement. We do, indeed, appreciate this, recognizing his interest is in the best traditions of this house without fear of being suspected of bi-partisanship.

I should also like to say that the area I will cover, very briefly, has already been dealt with, namely the question of the R.C.M.P. veterans. It was dealt with, first, by the hon. member for Parry Sound-Muskoka (Mr. Aiken) who made a very comprehensive survey of the position, and then by the hon. member for Ottawa West (Mr. McIlraith) who has just resumed his seat. My reason for making a comment or two is that I had the privilege some two and a half months ago of arranging for the presentation of a brief

to the government by the R.C.M.P. Veterans' Association and I propose to fill in the background by making one or two remarks which may be relevant. Let me say, though, that it must not be assumed that because I am not dealing with the whole field of retirement pensions that I am not in sympathy with those comments which have been made on other aspects of this matter, such as the pensions paid to employees of the Canadian National Railways and the civil service. It would be mere repetition on my part to say that I agree with the sentiments so well expressed by the hon. member for Carleton (Mr. Bell) and that I welcome his assurance that some positive action by the government will be taken in the very near future.

I think, too, I can say that all hon. members who have participated thus far in the debate have resisted the temptation to make this a political issue, with perhaps the near exception of the hon. member for Ottawa West, which shows that the house feels it is in the best interest of these pensioners to proceed without conflict and see that some time in the New Year, or in the immediate future, some action will be taken.

It is not necessary for me to deal at length with the problem of the R.C.M.P. veterans and it is certainly not necessary for me to bring to the attention of a body of this nature the position which this group of veterans has occupied over the years, gained by their outstanding contribution to the development of Canada. I think we will all take for granted that this body of men, the veterans of the R.C.M.P., have done perhaps as much as any unit, or organization or body to contribute to the early growth of this country through the policing of vast areas of Canada in many difficult circumstances. We accept the fact, also, that they did this work at a time when they were surrounded by extreme hazard and at a time before hazard pay and allowances were known. We accept the fact that many of these men discharged their duty at extreme risk to themselves personally, and, of course, as many were career policemen made great personal sacrifices. I think I can say, in addition, that we will remember that the standard of pay which this country gave the force in those days was perhaps—and this may be the understatement of the year —not in keeping with the work which they were called upon to perform at that time.

Let us accept that all this is generally agreed, and let us look to see what has happened since that time. Like the hon. member for Ottawa West, my main concern in discussing this matter is that since pensions were first awarded many of these men now find themselves in a very serious financial position unless they are able to supplement their income by means of some other employment. It has been mentioned to us here that many of them do perform useful functions at the present time. In fact, I have heard this used as an argument why an increase in pensions should not be awarded to them, but I think hon. members will agree that this factor should not disqualify them from receiving an increase, or handicap them in any way, because if we are realistic we must realize that if a man has not enough to live on and pay his bills he is bound to take some other employment.

On one occasion a former minister of finance said, in justification of not awarding increase in the payment made to these veterans, that the pension was never intended to maintain them, but only to supplement their incomes. But I think the hon. gentleman who said this, if he was here today, would agree with us that in the light of the declining purchasing power of the dollar the value of the award should at least remain constant, and that these gentlemen should not be placed in an unfortunate position merely because they gave their service at a time when the rates of pay were not high. There has been a suggestion to the effect that any increase in the pensions might establish a precedent which would create problems for a government in the future. It is interesting to note that two increases were granted to them, one in 1927 and a second in 1930, but it is equally significant to observe that it has been 27 years since government consideration has been given to increasing pensions for this particular group of men.

It is important to remember that any lengthy delay in recognizing the need for increasing pensions for this group will result in many of these men being deprived of the increase through death. An examination of the figures indicates that there are very few men in this special group who are alive today. The cost of increasing pensions for this particular group who came under the old scheme will not be large by virtue of the fact that in approximately ten or 15 years, based on the mortality rates, many of these men will not be with us. It therefore seems imperative that we should act quickly in recognizing the service these men have given through increasing their pension without delay. As the hon. member for Ottawa West said, the need for increasing the pensions of this group is perhaps more urgent than that of any other group who are in receipt of pensions under consideration in this resolution.

The actual pay of R.C.M.P. officers has increased, I think, by something like 70 per cent over the last six years and I maintain

that this is as it should be, but in view of these increases surely there should be a close relationship between the pay of the men in active service and those who served in years past and have now retired. The hon. member for Carleton has asked for some advice as to how this could be implemented and how actual income could be related to an increase in pension. It may be suggested to him, as it was suggested in the brief of R.C.M.P. veterans, that this income could be related to the salary of those presently serving as it goes up or down, but in any event it should be related to some formula that will be indicative of the actual cost of living.

I find it revealing to examine the rate of pay and allowance of a veteran who leaves the force today. It is a sad commentary on our system in the past years to observe that when a constable retires today he receives a greater pension than that of an inspector of the force who retired under the old rates of pay.

I have traced here for my own information a rather long list of representative groups who have since retired from the service and the discrepancies in the rates speak for themselves. I think this is the most forceful argument one can use for the need of an increase in their pensions. I am not going to continue to develop this particular aspect of my argument because I think a strong case has been made for the obvious and urgent need of recognizing the outstanding service provided by these men of the R.C.M.P. in developing our country. I think it is important that this government recognize as quickly as possible the urgent demand of this diminishing group who have made such a fine contribution and who unfortunately may not be with us for too many years to come.

In conclusion may I just say that I sympathize with the argument that we must give general over-all consideration to these problems so we will not bring into effect legislation, or increases in pensions to be more specific, which are going to have to be amended the day after the enactment of the bill. One factor which has contributed to the stability of employment in industry in the last few years is that practically all industries recognize that if they are going to maintain a standard of employment satisfactory to their production trend it is only going to be done if they provide those benefits which this modern social age expects of them. Certainly our retired civil servants, R.C.M.P. and C.N.R. employees should not be told that they are the exception to the rule. I take my seat believing that the government will act on its stated intention and give immediate consideration to this matter so that the needs of the people for whom I have made my case specifically can be attended to as urgent business.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, in speaking to this resolution I should like first of all to compliment the hon. member for Fort William (Mr. McIvor) for his perseverance and persistence in presenting this resolution year after year as he has done. I have supported it on previous occasions and I rise to do so again today. I should also like to compliment the hon. member for Carleton (Mr. Bell) not only for the very lucid explanation which he gave of the difficulties that would have to be overcome in implementing this resolution but also for the very sympathetic attitude he displayed toward it. The hon. member for Fort William rested his case on two arguments. One was that justice demands it and the second was that necessity requires it. To these I should like to add a third argument, the argument of the necessity of the government accepting the moral responsibility to live up to its contracts.

The hon. member for Carleton said that the government should be a model employer and I agree with him wholeheartedly in this. We all know that the predicament in which retired civil servants find themselves today is due mainly to two factors. One is that their pensions are low, and they are low because salaries at the time of their employment were low. I think it is well known that over the years civil service salaries generally have been much lower than those paid for the same services and responsibilities in comparable jobs in industry and commerce; but civil service salaries were low because the salary itself was only part of the contract. The other part was represented by security. When a civil servant became employed in service he did so with the understanding that his salary was going to be lower than what he would receive for comparable work in industry but on the other hand he was going to have a certain amount of security during his retirement years. The second factor is that that security has not been provided and it is the moral responsibility of the government to provide it as quickly as possible.

There are three reasons why civil service pensions are not adequate to meet the increasing needs of pensioners. One is that continued inflation has depreciated the value of the dollar almost continously over a great many years. The second reason is that the pension, at the time it was calculated, was geared to the living standards of that day

and we all know that living standards have improved considerably every year and will continue to improve as the years go by. The third reason is that, along with rising standards of living, we have had a continued rise in the living costs.

The hon. member for Carleton solicited suggestions as to how this problem should be met. In my opinion these three factors must be taken into consideration when the solution is being worked out. Since the dollar has depreciated roughly at the rate of 3 per cent per year, to restore the purchasing power of the pension it should be increased by at least that amount, 3 per cent per year for the number of years the pensioner has been retired. Then, there should also be a clause to make sure that under no circumstances will the pension remain below the subsistence level. The third factor should be an extra bonus, included in the formula, to compensate for the increase in living standards over and above the living standards of the period to which the pension was geared.

During this session we have already taken action to alleviate the condition of our old age pensioners. We have treated them on an emergency basis on the assumption that the people concerned could not actually live without an increase in their pensions. We have justified the pension we have given to those old age pensioners, as a matter of right, on the basis of their contribution to the general economy of the country during their working years and on the assumption that today we are enjoying the fruits of their labour. We must remember that the civil servants also made their contributions to the economy of the country in the same way as every other worker did, and for that reason they are entitled to the same consideration as we would give to old age pensioners and other groups whom we have assisted with benefits during this session. But, on top of that, not only have they given their contribution to the economy, they have made a contribution to their retirement in two ways. One of the ways is by a direct contribution to the superannuation fund, but they made it in another way by accepting a much lower salary than they could have received outside of the civil service in comparable positions in industry and commerce. Therefore, they have a triple claim to our consideration and their case should be treated with the same urgency as we have treated other pensioners.

I would therefore suggest that action be taken at this session. I think a rough calculation can be made and the terms can be worked out afterwards. Some allocation should be included in the supplementary estimates at this session so that the government can discharge its moral obligation to those faithful old servants. Action on this obligation has already been too long delayed.

Mr. E. G. Hansell (Macleod): Mr. Speaker, once again a resolution comes before us for the consideration of the civil servant who is on pension and who perhaps was retired some years ago when the cost of living was considerably below what it is today. Once again we have heard some speeches similar to those we heard in days gone by. Once again I rise to support the resolution which stands in the name of the hon. member for Fort William (Mr. McIvor). I do wish to pay the hon. member a compliment and I believe we all should. We should express our appreciation for his bringing this resolution before the house consistently year after year. It reads:

> That, in the opinion of this house, the government should consider the advisability of introducing legislation to increase the pensions of civil servants and Royal Canadian Mounted Police who were retired, after long service, when salaries were low, so as to bring their pensions in line with those of the present.

I would hope, Mr. Speaker, that the government would see fit to pass this resolution and bring in legislation in the very near future, for I believe that if the hon. member for Fort William is to retire later on—we all hope he might return to the house—it would be a pleasant thing for him to be able to retire and know that in his honour perhaps—if I can put it that way—legislation had been passed to increase the pensions of civil servants. I think that would be something that would give him a good deal of satisfaction. Since he is a veteran of this house, it seems to me we could very well honour him in this respect. When a man retires it is pleasant for him to know that he has some sort of memorial that he can leave behind. In the case of the honourable member, a piece of legislation that has helped those who have been the unfortunate victims of policies that have not kept pace with the rising cost of living.

We support this resolution, Mr. Speaker, because we recognize it is just; we recognize it is fair; we recognize it is the thing to do. I do not think there can be any arguments against it. I should like to see it go much farther. Of course, governments have no responsibility in respect of the increase in pensions in other fields, but they do have responsibility for the amount of pension which is paid to civil servants. In the past I have talked with a number of people not civil servants who have had to retire on industrial pensions. I was out to the west coast a year or two ago and I happened to

visit West Vancouver. It is a very fine community in which I found there were quite a number of retired people. I held one or two meetings while I was there and almost invariably some retired gentleman, mostly retired bankers, I must say, would come to me and ask if something could not be done about increasing their pensions. I mention this because it is apropos of the whole subject. A banker usually retires on what might be considered a fair pension. Banks have pension schemes and when bank managers retire they are supposed to retire with some considerable dignity, something that is commensurate with the position they held. Some of these old retired bankers find that their pensions have diminished in purchasing power far below what they ought to be and they cannot live in dignity any longer. That is something to be considered.

All this arises for one reason. The monetary policy of the country has been such that it has permitted the purchasing power of the dollar to become less and less as the years pass by. I have felt that perhaps it might be advisable to have some sort of escalator clause in all pension schemes whereby when an increase in the cost of living takes place the escalator clause will become operative. I am not prepared to say that it would be easy to write such a provision into a piece of legislation. I think it would require a terrific amount of research in order to accomplish it. However, under the present monetary policy that would be the fair thing to do because the combination of the depreciated dollar and the increased cost of living is something that is important to the living standards of the people of Canada who are on pension.

We who have been in public life for the last couple of decades recognize the importance of this matter. Civil servants who were retired some years ago were able to go to the grocery store and purchase enough groceries to make them feel that perhaps they had a fair pension. But when we consider the amount of their pensions in the light of the quantity of groceries they can buy today their pensions are pretty small because they will not buy very many groceries.

I had occasion at one of my meetings to have a chart indicating the amount of groceries that $10 would buy about 20 years ago compared with the amount of groceries of the same type that $10 will buy today. If you look at that picture it is a pretty grim one. Twenty years ago I suppose a man could buy a suit of clothes for $25 to $30, but go to your tailor or to a department store today and see how much you have to pay for a suit of clothes. A person is lucky if he can get a suit less than $65 and they run from there up to $100.

Take the matter of shoes. Some years ago a man could walk into a store and get a pretty good pair of shoes for about $4 to $6 but if you go into a store today and try to buy a pretty good pair of shoes what do you have to pay? You have to pay considerably more. I have a pair of shoes on my feet for which I paid $19, and I do not think they are particularly exceptional. Of course, being a small man I think I should get clothes and shoes cheaper than a bigger man because there is not as much leather goes into my shoes or cloth into my clothes as in the case of a bigger man, but I do not get any consideration in that respect. My clothes take about half as much wool cloth but I have to pay just as much for a suit.

When we think of the depreciated dollar and the cost of living for the pensioner today compared with a few years ago I say that that should give the government a terrific amount of concern. When the hon. member for Fort William introduced the resolution this afternoon he talked in terms of an allegory. He spoke of a shotgun hold-up. It is a good allegory indeed. If somebody should come up to you, stick a gun in your ribs and take half the contents of your pocketbook away from you you would say that was robbery and everybody would be out to catch the robber and put him in jail.

But let us follow the illustration further. Suppose a man now on pension was able to save a little stake during his working years which he thought he would be able to use in future years. Suppose he bought $5,000 worth of bonds or put $5,000 in the bank some years ago. Suppose he cached away in one form or another bonds or savings to the extent of $5,000 15 or 20 years ago. Suppose he takes the money out of the bank today and attempts to live on it. What do you suppose he is going to get for it? He is only going to get half what he would have got some years ago. In other words, the purchasing power of the money that he put away, whether in the form of savings, bonds or in a pension scheme, is only half as much today as it was before.

Somebody robbed him. Who was it who robbed him? He is not at present sitting on one of the front benches of this house. You cannot very well put him in jail, but certainly if somebody robbed with a gun you would put him in jail. That is where he belongs. He is a criminal. But what has happened? A financial policy which controls the amount of money in circulation and has

an effect upon business—you can use what terminology you like; you can talk about inflation, deflation, or whatever you wish—has affected the cost of living. What has happened? The financial policy of the country has stolen half the pensioner's savings. That is a fact.

Who has been responsible for the financial policy of the country which has robbed the civil servant of half his income? Somebody is responsible for financial policy. The resolution advocates that mounted police pensions should be raised. I think we should bring in the mounted police for another purpose. We should bring them in to track down the real criminal so that we can put him in jail. If it happened to be the Minister of Finance (Mr. Fleming) we would say to him, "Here, how is it that you have robbed the retired civil servant?" Oh, I know what he would say. He would say, "I have not robbed him of anything".

Somebody is in charge of the financial policy of the country. My hon. friend says, blame the Liberals. I think we could blame the Liberals because over the last 20 years they have been the ones who have been in charge of monetary policies. If they have not been in charge of the monetary policies of the country, then they had better say so. If the present finance minister is not in charge of the financial policies of the country, then he had better say so. If he says so, then we had better find out who is in charge of the financial policies of the country.

Mr. Gauthier (Portneuf): The parliamentary assistant.

Mr. Hansell: I would not like to blame the parliamentary assistant for the monetary policy that has been pursued in Canada for the last 20 years. I will tell you what we will do, we will blame him if the financial policy of the country is not straightened out shortly. However, we cannot very well blame him for what has been happening over the past 20 years.

Now, Mr. Speaker, this matter of monetary policy is something that you cannot ignore when you talk about this pension scheme. After all, you can raise the pension, but that does not solve the over-all problem. Who knows, if there is a continued rise in the cost of living over the next 10 years you will have to raise it again. On the other hand, if the cost of living should sink to a new low point, what are you going to do then? I do not believe anyone would want to take any money away from the pensioners. I say, therefore, what is needed is a financial policy that will create a steady level. I will not say it should be static, because I do not think you could have it static in the sense that you would have to have fixed prices and fixed controls throughout the country over a long period of time. I do not believe you could do it that way.

We believe we have a solution to this problem, and some day when we come to discuss actual monetary policy we hope to be able to suggest to the government how something can be done to remedy the situation of boom and bust, inflation and deflation. Then people who get an income in the future will know exactly where they stand. I had thought that perhaps something of that kind might be done at this session. At the opening of the session, therefore, I asked a question as the orders of the day were being called. I should like to read from page 17 of *Hansard* for October 15, 1957, the day after parliament opened. I rose and asked the following question:

> May I direct a question to the Prime Minister or the leader of the house. Would the government initiate a move to have a special parliamentary committee or even the banking and commerce committee meet to pursue a study of the reasons for the inflationary trend and the continued increase in the cost of living?
>
> Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, this government, as always, will give consideration to anything for the benefit of the Canadian people.

Well, that is quite an answer, and of course I expected that there would be some applause forthcoming from our good Conservative friends.

An hon. Member: This is one of those frivolous questions.

Mr. Hansell: It is one of those frivolous answers, you mean. The question was a good one, because I asked it. This is followed in *Hansard* by something that is very significant. The hon. member for Vancouver East (Mr. Winch) asked the following question:

> I desire to direct a question to the Prime Minister. I am sorry I was not able to give him notice. I should like to ask him, what is the difference between the attitude of the majority of your members now as compared to the attitude shown by the previous government and to which your members strenuously objected?
>
> Mr. Diefenbaker: It is not a question of attitude; it is a question of parliamentary rights.
>
> Some hon. Members: Oh, oh.
>
> Mr. Winch: As a supplementary question, may I ask the Prime Minister if he does not find there is a difference when the shoe is on the other foot?

I will not say anything about parliamentary rights because Mr. Speaker would be on his feet, but I would suggest that when you examine *Hansard* for the last two or three days you can see what has happened to parliamentary rights.

Mr. Winch: It was a good question.

Mr. Hansell: Yes, and I am glad my friend, the hon. member for Vancouver East, backed me up in that question to get something more from the Prime Minister (Mr. Diefenbaker).

The parliamentary assistant gave us a very excellent, well thought out speech this afternoon. He must have spent quite a bit of time in studying his subject, and we appreciate that. During his speech he referred to the previous finance minister and the attitude of that minister to the effect that you should not tax all the people to pay certain classes of pensioners who have been penalized by the decrease in the value of the dollar. Those are not his exact words, but that is the sentiment. I agree with that to some extent, but the irony of it is that the Minister of Finance, under whose department civil service pensions come, is the very man who sets the monetary policy of Canada which causes the value of the dollar to decrease. Now he turns around and says we should not tax everybody in Canada to pay one section of Canada's pensioners because they are unfortunate in the devaluation of the dollar.

However, the very government that is in charge of the civil service is also in charge of monetary policies throughout the country. The parliamentary assistant has stated that the government would give earnest consideration to all constructive suggestions. So far as I can see there are only two constructive suggestions. The first suggestion is to take the bull by the horns and raise the pension; that is about the best suggestion I could offer in view of present monetary policies. I am hoping the government will not delay taking action. Let us not have a lot of window dressing in this matter. Over the years we have heard a lot about the government being interested in anything that is for the benefit of the people of Canada. I know the government is because they are human like anyone else.

What we want is action now. The best assurance we can have of your sincerity and faith is that you take action now and not leave it for another ten years. This thing has been going along for a good many years now. We have been talking about this matter in this house for a good many years and it is time that some action was taken.

The other suggestion I have to make is this. Perhaps it would be a little bit more complicated, but I believe the government owes it to the people of Canada today to set up some sort of committee. I am not saying that they should set up a commission; this country is going to be burdened with commissions. I believe they should set up some sort of committee—we have a regularly constituted banking and commerce committee of the House of Commons—to go into a detailed study of the reason for the higher cost of living as it is reflected in monetary policy. By that I do not mean a committee or commission on price spreads. That is a very simple thing. It does not take into account the fact that there may be something wrong with monetary policy. Let the government have the banking and commerce committee go into a real study by calling in the bankers, the financial experts, the monetary reformers, the people who have any understanding of monetary policy whatsoever, with a sincere desire, not to protect a faulty policy, but to try to arrive at the reason why this present financial policy is not working.

I do not think I need to have anything more to say on that matter. I was talking with my colleague the hon. member for Bow River (Mr. Johnston) who is my desk-mate. He said to me, "You can raise the pension, something which would be a very good thing; but in the end it is only putting a patch on the old tire, because if you do not get to the root and the bottom of the trouble that is causing the tire to blow out, you will only have another blowout a little bit later on". Let us stop this patchwork business and let us get down to solid rock bottom in our effort to discover the reason why there is in the cost of living a fluctuation that is far too severe. Then we shall not have this repeated dog eat dog performance, because just as soon as you give some benefit to one, you have to give it to another and then some other organization comes along; everybody is out for his share, and there is not enough to go around under present monetary policy.

I will not say any more. The resolution should be passed. The problem should be solved. Since we now have a new government let us look forward in the hope that this new government is going to take some action to solve this problem, that it is going to be agreeable to the passing of this resolution and to hasten the legislation which will make the resolution effective.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. H. E. Smith (Simcoe North): Mr. Speaker, it is with a certain amount of deference that I venture to disagree with a member of such wide experience and broad humanity as the hon. member for Fort

William (Mr. McIvor), but speaking for myself, I find that his resolution is too narrow in its proposed application, and that it is therefore inadequate.

In the course of my every day business I am constantly advising people—widows and dependants of those who are subject to inadequate pensions—and I might say, in particular, ministers of the cloth and preachers. I am certain there is no class of people in this country who are less well provided for in the matter of pensions than retired ministers and their dependants. These are people with whom everyone must have great sympathy. Their problems are great, and there is no one to whom they can turn for help. I think that when we are dealing with the matter of inadequate pensions, we should, however, look further into the causes in order to determine the reasons and remedy them.

One of the reasons why the pensions granted to civil servants some considerable time ago are low in the light of today's circumstances is that the government was at that time in the forefront in providing any pension at all for retiring civil servants, with the result that these pension schemes were very often set up without adequate contributions being made either from the employer or from the employee.

I know further that there are thousands of people in Canada contemporary with the civil servants with whom we are now dealing who have no provision for pension whatsoever, and also that there are many whose pensions are even less adequate than those of retired government civil servants. This, I think, is the first cause of the situation with which we are dealing now.

The second cause is the continual decline of the purchasing power of our money. The hon. member for Macleod (Mr. Hansell) suggested that this was a problem which had risen only in the last 30 years or so. Well, not many days ago I was reading a biography of Oliver Cromwell, and in that biography was a speech made by him some 300 years ago in the British House of Commons. The subject matter of that speech was the relationship of wheat prices to the purchasing power of the English currency at that time, and with a slight modernization of phraseology that speech could well have been made in this house last week.

There are many more people suffering from inadequate pensions than those covered by this resolution—teachers, librarians, municipal servants. In my own experience in municipal affairs I have many times had to deal with municipal employees pensions which were entirely inadequate to meet the need.

I think, Mr. Speaker, that the present government and, indeed, the former government, have not been entirely unaware of this situation. Four times at least the problem of inadequate pensions and inadequate incomes resulting from the decreased purchasing power of our currency has been faced by the government. It was twice dealt with by the late government; first, when the universal old age pension without a means test was introduced and then later in 1957 when they increased the universal old age pension by $6. The situation has been twice faced by the present government; first, when the $9 increase in the universal old age pension was put into effect just recently and, secondly, in the undertaking by the present government to have a complete investigation made of a social security program for all our people based on need and the cost of living.

With all due deference to the hon. member for Fort William, I think that therein lies the real solution of the problem, because in my opinion, as the resolution stands, it is discriminatory. I think it is better to face the whole problem in a comprehensive fashion rather than to deal with one inadequacy and then to be faced with another.

Mr. M. J. A. Lambert (Edmonton West): Mr. Speaker, I should like to indicate to this house the general sympathy which has been evoked by the motion of the hon. member for Fort William (Mr. McIvor). We were entertained in some way this afternoon by some of the statements he made in his rather powerful appeal to our emotions. I know that in the past the hon. member has had some rather harsh things to say about tobacco and its use, but this afternoon we were treated to some powerful words on just what sort of man we would have if he were deprived of his pipe. I feel the hon. member might have chosen some other thing of which to imagine a pensioner deprived rather than his pipe.

Seriously, the hon. member showed briefly but movingly some of the hardships which have fallen to the lot of some of our retired civil servants, but I feel that those observations would apply with equal force to others who have retired on pensions of any sort. I would ask: does this not also apply to people who have retired on savings, on rent from properties, or on annuities, even government annuities? They have seen their savings disappear as a result of inflation and other causes. I do not suggest we should say, as is said in the courts, that hard cases make bad law but I rather think that the problem of our retired people is oversimplified and overemphasized at times.

There is, it is true, a great deal of hardship, but I would suggest to you, Mr. Speaker, and to the hon. members of this house that the elderly people in Canada are not all in the same class. There are many people who have been frugal and who have saved, and they do not depend on pensions for subsistence. Indeed, if the conditions which have been indicated by the hon. member this afternoon were general, then this country would indeed be in a bad way because it would then appear that all our people who have reached the age of 65 or 70 have dissipated all they have ever earned in their productive years. Yet, Mr. Speaker, I know that that is not the case. We have groups of people, in varying percentages, who either because of circumstances beyond their control or because they have not been frugal enough or because they have been intemperate would now be faced with destitution if it were not for their pensions.

But, Mr. Speaker, that is not the general condition in this country and therefore I say that merely to emphasize the lot of these people and to point it up in eloquent terms such as we have heard may be somewhat misleading. We must deal with these particular cases. We have a responsibility and there I recognize the humanitarian interest of hon. members. We cannot let our neighbours be destitute. However, I am one of those who might take exception to what I consider to be somewhat of an oversimplification by the hon. member for Carleton (Mr. Bell) when he spoke of the qualities of the ideal employer in that we are here singling out a particular group for treatment. There are many others in this position and I would suggest that the percentage of retired civil servants in this country who are dependent upon their pension as their sole means of subsistence is small compared to the rest of the retired population in this age group. What about those people who voluntarily put aside savings? What about those people who were not employed either by the civil service or in business where they might have been able to get a pension? What are we to do with them? They face the same problems.

I do not think it is right that we should consider only one group and consider all groups on a piecemeal basis. I feel we must give close attention to the entire question of retired civil servants, members of the police force and retired members of the armed services. Fortunately the number of retired service personnel is very few in number because before the war our regular armed forces were small in number. Nevertheless these people face the same problems. I cannot say that all find themselves in this position because some have been frugal and have been able to provide for themselves in their retirement years. Whenever it can be done people should be encouraged to make provision for their retirement years. We should be most careful not to lead our people to the point of view where upon reaching retirement age they say to their employer or to the state, "Here I am; now keep me." I think that is wrong.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question? Do I gather from what he is saying that he feels most people at age 65 or 70 who are in need are in that condition because they have not been frugal, not been temperate?

Mr. Lambert: Oh no.

Mr. Knowles (Winnipeg North Centre): Is he taking the same position with regard to pensions that was taken in another place by a couple of hon. gentlemen?

Mr. Lambert: Oh no, Mr. Speaker. I stated some time ago there may be circumstances completely beyond their control. I would say that the people who have not been frugal are probably the smallest number and fortunately so. I do not suggest for one moment that the people who are in need of their pensions today are in that position because they lacked frugality, but such people do exist. On the other hand there are people whose circumstances were such that they could not be expected to save to provide for their old age.

An hon. Member: Including retired civil servants.

Mr. Knowles (Winnipeg North Centre): Then is the answer not universal pensions?

Mr. Lambert: No, Mr. Speaker, I feel the answer is not universal pensions. While the arguments advanced by the hon. member for Carleton must be given weight I also feel that the position I have stated must not be disregarded. It must be considered in the whole problem of determining pensions for various groups.

While the government of Canada may be considered in the position of an ideal employer yet an ideal employer in providing pensions for his employees does so from his own funds or the earnings of his business, be he an individual or be it a corporation. In either case they use their own funds to provide pensions. In the present instance we are discussing the utilization of public moneys for the benefit of a particular group of people and I say we must consider this

in arriving at a solution to this problem. We have a responsibility not only to this particular group of people but to the people of Canada as a whole.

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

Mr. Lambert: Yes, certainly.

Mr. McIvor: Do you think that the dominion government has any responsibility for civic pensions and teachers pensions? Do you not think we have dealt with the pensions for which the dominion government is responsible?

Mr. Lambert: At the moment I would not care to give the hon. member a categorical "yes" or "no" answer. I do not believe the question can be answered with a categorical "yes" or "no". However I agree to a large measure with the hon. member for Burin-Burgeo (Mr. Carter) who said that the low pensions we have today are in the main the result of low salaries that existed at the time these people were engaged and on which their pensions are based. I do not want hon. members to misunderstand me and conclude that I am opposed to the matter of inquiring into and increasing pensions where they are too low but I would like to draw the attention of the house to these factors which in my estimation must be considered in arriving at a just decision in these matters.

I would like hon. members to consider what might serve to alleviate some of the difficulties and remove the discrepancies which exist in the pensions which are the subject matter of this resolution and offer as a possible solution the suggestion of making a general change in the ten-year average by reducing it to a five-year average. The hon. member for Carleton (Mr. Bell) indicated that there had been two rather substantial increases in pay in the civil service within the last two years. This has thrown the whole ten-year average scheme out of proportion. Those who retired over five years ago prior to these increases are now in receipt of the much lower pension because their base pay is proportionately lower. I feel there is true justification for inquiring into the situation prevailing in a particular group where there are discrepancies. You can readily understand that a civil servant who worked for 30 years received a pension of X dollars upon retirement ten years ago whereas a civil servant with the same number of years of service can retire today and receive X plus many dollars in the form of a pension. I do not think that is quite correct. I feel that the hon. member has a very good point in bringing the resolution forward at this time.

This proposal would certainly not take care of all the demands for increases in pensions of retired civil servants although, as I say, by removing some of the discrepancies and injustices within a particular group it would go to some considerable length in relieving the losses generally of those retired civil servants.

There are two particular items relating to retired civil servants about which I should like to speak. First of all, there is the subject which has been before this house on many occasions and, in particular, in 1953 when the superannuation act was under discussion here. It concerns a small group of civil servants who were members of the then department of soldiers civil re-establishment, the soldiers settlement board and treasury employees attached to the D.S.C.R. They are a small group of employees who are now in the main reaching retirement age. Because of some difficulties between government departments back in 1924 and 1925 agreement could not be reached that these veterans were permanent civil servants and they were still classified as temporary civil servants and were not able to elect as they should have been. Therefore, instead of being able to benefit from the 5-year average today they are unfortunately under the 10-year average. They never had a chance to elect through no fault of their own. I need not repeat the speeches that were made at that time by the Minister for Veterans Affairs (Mr. Brooks), the then leader of the opposition, the present Minister of Agriculture (Mr. Harkness), and many others on both sides of the house, including the hon. member for Winnipeg North Centre (Mr. Knowles). This is an anomalous condition which affects a number of men in my own riding and about whom I have made certain representations to the Minister of Finance (Mr. Fleming), and I hope that with a new look at the problem these men who have given very valuable service to this country, and particularly to the returned men, will be able to benefit and enjoy the same rights that their confreres in other departments now enjoy.

I should like to draw the attention of the house to a matter arising out of the Royal Canadian Mounted Police and the superannuation act. I have a constituent whose husband was a member of the mounted police back in 1922 when he transferred to the Alberta provincial police at its inception. One year later, during the discharge of his duty, he was shot down and died as a result of his wounds. There was then very meagre workmen's compensation legislation in our province. There were no pension provisions for members of the mounted police who died

in the performance of their duties and this young widow had to fend for herself. For 32 years she has served as a special constable for the mounted police on escort duty under very arduous conditions. She has served as a matron particularly in the escort of mental patients, drunks, and what have you. This woman has been on call day and night over this period of 32 years. She is not on regular salary but is paid by the shift of so many hours per day's work. The mounted police authorities have been exceedingly kind and exceedingly considerate in keeping her employed in this way. Under workmen's compensation she drew the sum of $35 a month for many years. Now at the age of 67 she gets $60 a month.

However, last year, on her way to work one wintry night, she slipped and suffered severe injuries, breaking an arm or a shoulder. In any event, she has been incapacitated. Convalescence has been slow because of her age. She is not in condition really to discharge her duties as a police matron. After 32 years service there is at the present time no means of giving this exceedingly valorous and conscientious special constable, which she has been during all this time, a pension under the superannuation act. Mr. Speaker, I would humbly submit that such a case should deserve special consideration; that the people who are hired as special constables for a long period of time should somehow or other receive the same consideration as members of the force who are on a permanent basis.

As I have said, Mr. Speaker, I am of the opinion that the principle of the resolution before us this evening is a good one, but I say that with this reservation. It covers a very small number of people, in fact, who actually are in dire necessity. I am not saying that a great number of people would not benefit by it and they would readily accept the benefit; but I say that when we are considering hardship cases we should not go from the particular to the general that because there are a limited number of cases we should apply the principle to the whole class. However, Mr. Speaker, I think the matter should be gone into as has been indicated by the hon. member for Carleton (Mr. Bell). I again congratulate the hon. member for Fort William for having moved this resolution so that we can discuss it here tonight.

Mr. Jack Wratten (Brantford): Mr. Speaker, in rising for the first time to take part in the debates of this house I should like to take this opportunity, although I know it is late, to congratulate you and your deputy on the fact that you have been elected to your high positions and also to extend congratulations to the Prime Minister (Mr. Diefenbaker) on appointing a lady to the cabinet of this country. I know the ladies in my own riding were very pleased with the promise the Prime Minister made that if he formed the government there would be a lady in the cabinet. I know they are very happy over the selection of the lady member and we know she will do an excellent job.

The people of Brantford riding have sent many men to this house and we have to go back some few years to the last Conservative member who represented Brantford riding. I refer to Mr. Ryerson who, although he is now 85 years of age, still takes a very active interest in the happenings in and the debates of this house.

I hesitated to rise in my place and speak in this house because I learned a long time ago when I was first starting in municipal work that it is a good plan to sit back and listen to the other speakers and learn something about the rules and regulations governing the debates and the work of this house. In speaking to this resolution which we are debating tonight I would like to congratulate the hon. member for Carleton (Mr. Bell) for the very splendid address he made this afternoon. It was very comprehensive and was certainly well thought out.

I would like also to say a word to the hon. member for Winnipeg North Centre (Mr. Knowles). I only wish I had his mind and could retain all the details of which he is capable and had his ability to get up and speak on as many subjects and as often as he does.

Some hon. Members: Oh, no.

Mr. Wratten: I would like to speak for a few moments on the question of the Royal Canadian Mounted Police, this force of men of whom we are very proud in this country and which we know constitutes one of the finest police forces in the world. We are all conscious of the glamour of their uniform and we all remember the stories we read as shall I say younger boys; we remember the stories written about the force by Ralph Connor, "Corporal Cameron", and "The Patrol of the Sundance Trail" in which the Royal Canadian Mounted Police are glorified. We all enjoyed those stories and the episodes recounted in them.

I was looking through the report of the commissioner today and I have seen that there are not many instances detailed therein of the work done by the force and of their bravery. I was, however, struck by one or two of the men mentioned by the commissioner. We have Constable Johnstone who

entered a bank in response to an alarm and, after shooting three men, a fourth one came out and held up his hands. This constable was responsible for saving the money in that bank and preventing a hold-up. We also have another constable, Constable Ingalls, who received an award for saving a life in Gladstone, Manitoba. Then there is Sergeant Austin and Constable Ross who were highly commended for their excellent skill in aviation by taking an aircraft in flight and bringing it into Goose Bay, Labrador.

We have two more constables, McHale and Bowyer, who rescued a man from under tons of frozen gypsum and rocks at Windermere and also Constable Martin and Constable Millhouse who were commended for bravery they displayed during the flood operations in the Haney district of British Columbia.

It is therefore obvious that we still have men doing hazardous work in this force with very little publicity. The older men of the R.C.M.P. who did these valorous deeds in years gone by did not, of course, have the facilities of our men today. I am thinking of those men who used to be up north and who had to travel by dog team, by horse in winter and by canoe in the summer. Now we have modern equipment for them, airplanes, automobiles, helicopters. All of this is a far cry from the hardships which the older men endured when they looked after our far-flung borders in the north country.

I was fortunate enough to be able to procure information on half a dozen instances of the meagre pensions upon which some of these men had to retire. I have one instance before me of a man who gave 20 years service and who received a pension in 1937 of some $36 a month; another one who put in 14 years of service and received $34 a month; another constable who retired after giving 20 years service on a pension in 1929,—we all know, of course that 1929 was a peak year and had been for some considerable time, when wages were high,—but he was retired on less than $40 a month. Then we have another constable who gave 20 years service and in 1929 received a pension of $43; a sergeant who had put in 20 years service in 1928 was retired on $48 a month. Another staff-sergeant—somewhat higher in rank—having put in 20 years of service received $51 a month. So hon. members will see that a number of the older men who are still alive are today receiving these low pensions. They are certainly not burdened with a lot of money when it comes to pensions.

When considering the scale recently put forward for pensions payable in the R.C.M.P. under the Royal Canadian Mounted Police Act we notice that they have been considerably increased over the period from 1937 to 1957 and we agree that a constable or an officer of the R.C.M.P. who retires now is fortunate enough to receive a fairly adequate pension. He will receive one upon which he will be able to get along and look after himself, so I do feel that our older men should certainly receive the consideration of this house. They do deserve it and should be brought up to a point where they can live decently, without needing to go out and work after having given years of service on the hazardous work on which they have been engaged.

I know we are not discussing pensions other than those of the R.C.M.P. and the civil servants today but I wonder if I might be allowed to deviate for a moment. I am also concerned about the pensions in some of the industries in my home town. After all, these people of whom I am thinking are the ones who are paying the taxes in order to provide for the pensions we are discussing today. I mention in particular the textile workers in our city. These people belong to the poorest paid group in my city, due to the hard conditions under which the factories are running and the competition with which they are faced.

I am also concerned with the old age pensioners who, through no fault of their own, are living, and indeed have to live, strictly on the old age pension which we are paying today through the federal government, with the help of the Ontario government. In my experience in the municipal field I have had these old age pensioners come to me time after time wondering how they were going to pay their taxes, buy their groceries, pay for their fuel and live on the small amount available to them. Fortunately another promise of this government has been kept and they are now receiving a much better pension than they had a year ago or two years ago. It will certainly be a great help to them in order to enable them to buy the necessities of life.

The reason I mention these different groups is that no matter how much we reserve for these pensions for the civil service and the R.C.M.P. the money will have to come from one pocket only and that is the pocket of the Canadian taxpayer. No matter whether they are paying income tax, which we have been discussing recently, or not they still pay their share in other taxes such as sales tax, etc. I would suggest that thought and consideration be given by the government to these pensioners, bearing in mind that we all share in the cost thereof.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I believe that this house owes a debt of gratitude to the hon. member for Fort

William (Mr. McIvor) for having persevered in bringing forward this resolution year after year. I do hope that the government will bring in legislation to take care of increases in the pensions of civil servants and the R.C.M.P.

Mr. McIvor: Thank you.

Mr. Broome: I can think of no finer tribute that could be paid to a grand old man who has well and truly served his country and this house.

When I was first elected, Mr. Speaker, I received a letter which reads as follows:

> When you go to Ottawa at the next session of parliament, I hope you will look into the plight of R.C.M.P. service pensioners—those who retired before the numerous increases were granted to serving members.
>
> In my own case, I retired in 1947 on a pension of $82.40 per month, which in those days was not bad but now increased costs of living have made the pension insignificant, and I feel that all R.C.M.P. service pensioners under $100 per month are due for revision upwards.

I did see the commissioner and discussed this with him and he gave me the address of the veterans' organization for the R.C.M.P. They sent me a brief. In my opinion, the R.C.M.P. pension scheme is perhaps the most unsatisfactory pension scheme in existence. Going back to this same case, it concerns a man who joined the force in 1925, became a corporal and retired in 1947. His pension is twenty-four fiftieths of his pay, that is one-fiftieth for each year of service. In 1947, the pay and allowances for a corporal in the R.C.M.P. amounted to $2,060 per year, and this resulted in the pension of $82.40 mentioned before. Since 1947 normal increases have come about which, the brief says, amounted to 70 per cent but according to the information I received from the commissioner amounted to more than that. Today a corporal would receive in pay and allowances $4,800 a year, as compared with the $2,060 in 1947. The job is the same, the risk is the same, the qualifications are the same, but the man who served at the time when wages were low suffers now because of the low pension he receives. He gets it going and coming.

Under the present wage scale the pension would appear to be adequate, but the pension for those who retired in the early years is totally inadequate. The thing which amazes me is that when these advances were made in wages of the R.C.M.P., the government of that day did not amend the pensions in a similar manner. It would appear that if you were to tie the pension to the going rate of pay you would automatically increase the pension when the pay was increased. The trouble, of course, is that in industry you have collective bargaining between employees and employers. There is a continuous pressure from the men for increases, and a withholding on the part of management to keep the increases at as reasonable a level as possible or as low as possible. In so far as civil servants and the R.C.M.P. are concerned, you do not have that force on the part of the men concerned because they are truly civil servants. They may submit briefs and so on, but they cannot take any more drastic action than that. It is, therefore, rather natural, although regrettable, that their wages lag behind the wages of other people across the country.

As I say, I think this illustration gives the picture in about as clear a manner as possible. When this man retired in 1947 the salary level was $2,000 and today people doing the same job are receiving $4,800. There is something wrong there. I was most interested when the hon. member for Ottawa West (Mr. McIlraith) was saying that there was no argument against this today. I would say there was no argument against it in previous years, either. I suffer from the handicap of not knowing what was said in previous sessions, so I do not know whether or not the previous governments took the fair minded attitude that has been taken by the government representative today, the hon. member for Carleton (Mr. Bell).

Mr. Knowles (Winnipeg North Centre): The previous government promised to study the matter.

Mr. Broome: Well, I would say it was a very lengthy study and did not do very much for the pensioners concerned. The hon. member for Winnipeg North Centre (Mr. Knowles) gave a few figures which struck me as being almost fantastic. He said there were 393 civil servants retired who would receive less than $20 per month pension and 4,395 widows who would receive less than $50 per month and that would represent 64 per cent of those who were pensioned. When you hear such figures as those, you know that the time is long past when this problem should be solved.

At the same time, however, one must remember that the government has had a very full program of legislation this session; that they have had a lot of work to do and a lot of getting used to, and you cannot expect, as the hon. member for Ottawa West seems to expect, that Rome can be built in a day or everything that is requested can be accomplished overnight. I sincerely believe that the government is considering this matter, and not with a view to bringing out a report but with a view to introducing legislation to correct this situation in a manner that will keep it corrected. How this will be

done I do not know, but it can be done. I am quite confident that it will be done.

The sort of things that happen when you work for the government are peculiar to say the least. For instance, this brief contains a section which deals with the widows of R.C.M.P. veterans. If I may read from it, it says:

—permission is granted for the payment of a gratuity to the widow of a member who dies while serving with the force, said gratuity to be equal to two months pay, provided that the deceased member had two years' service in the R.C.M. Police or has that length of service to his credit for pension purposes under the R.C.M. Police Act—

Now, listen to this:

—and was married in accordance with the R.C.M. Police rules and regulations.

I do not know whether or not they are different from those for ordinary marriages, but this is one of the conditions. If a retired member of the force dies, the widow has an immediate stoppage of pension. For example, if the ex-member died on the 7th day of the month his widow would be required to refund the balance or 23 days pension payment previously received. Now, I contend that we have to watch and be strict guardians of the public money, but I do not think that the public asks us to guard their money that strictly. As I said, according to the present rates of pay the pensions are not too bad, but it is the position of the members who retired in the early days that is causing distress, and these men are getting older all the time.

I would hate to think that ex-civil servants or ex-members of the R.C.M.P. who between now and the time legislation will be brought in, may be suffering want and hardship because this matter has been delayed from year to year.

There is nothing political in this matter. It is simply a question of what is the fair thing to do, that is fair to the ex-members of the finest police force in the world and to the ex-members of an honest and honourable civil service, a civil service which has given this country wonderful service as minister after minister has testified. I am not talking about the top bracket civil servants. I am thinking of the chap who brings your mail and others all the way through. They are all fine people.

I have more sympathy for the man on the low income who has retired. I cannot find myself crying over the fact that a deputy minister's pension is not $2,000 more. I am thinking of these people who were mentioned by the hon. member for Winnipeg North Centre, those on $20, $50 and $75. Those are the people that I think we should look after. We should give justice to the other people too but these people really need it and are entitled to it.

I would therefore say that this is not a political matter. It is simply a matter of how best to do it so that it is not a patchwork job, so that it is done with the interests of the recipients at heart, with due care for the financial costs as well and with the implementation of the way that the pension can be managed. I do not see anything that presents too great difficulty. I believe it can be done. I think it must be done carefully, but I think that it cannot be delayed. I think that work must be started on it as soon as possible. I hope that in the next session the government will be bringing forward legislation along the line indicated in this most admirable resolution.

Mr. Gordon Chown (Winnipeg South): Mr. Speaker, I want to join with those who have expressed their admiration for the persistence which is reflected in the hon. member for Fort William (Mr. McIvor) in bringing forward year by year this resolution and at the same time to join with those who feel that in this wording the resolution probably was not wide enough and might have included, for example, employees of the C.N.R., another government agency. At the same time I am sure he must have experienced the same frustration that members on this side of the house have felt when they were sitting to the Speaker's left when they found that they could not nudge the past administration into doing something about this rather desperate situation that has been described to the house today with regard to our civil service and the R.C.M.P.

This is one occasion—and probably they will be rare in this house—when I find myself disposed to agree with my friend the hon. member for Winnipeg North Centre (Mr. Knowles) who admires my constituency of Winnipeg South so much that he resides in it and is one of my constituents, so I understand. I would not suggest for a moment that he was disposed to vote for me. However, I have admired his demeanour in the house and his apparently inexhaustible knowledge of the rules which has been displayed to the extent of thousands of lines in *Hansard* in the last few days.

It is alarming to realize that as early as 1947 he started his inquiries on behalf of the civil service and was given the typical answer from the treasury bench to the effect that the matter was under consideration, and here we are 20 years later still looking at the same problem. The implication, of course, is that we on this side of the house, so many

of us here for the first time, should endeavour to the best of our ability to see that this matter is remedied without too much further delay. I think we can be grateful to the hon. member for Fort William, particularly those of us who are sitting on the back benches and who are freshmen—indeed, one hon. member made his baptismal speech in this house this evening on this problem and did it extraordinarily well—for bringing to our attention at an early stage the desperate need of part of our R.C.M.P. and civil service.

I was interested in the brief which was submitted by the civil service association of Ottawa who, in a canvass of some of these civil servants, more particularly perhaps those 393 with a shocking pension of less than $20 a month, received letters by way of reply with such remarks as the following:

Forced to give up long term accommodation in apartment block when rent went from $30 to $83 a month.

Had to give up my apartment for two rooms in private home.

We have bought virtually no clothing since retirement and buy lower quality food.

By dint of frugal living and careful handling of our affairs, we manage to get by.

I cut on clothing and recreation, not food, which I consider necessary for my health.

When you get replies of that kind to a canvass of ex-government employees, it is apparent that there must be many of them who are caught between the ages of 65 and 70, with perhaps a homestead which provides them with sufficient assets to remove their eligibility for a pension between the ages of 65 and 70 by way of a means test, and so for those five years they are in a position where they must live on these very frugal pensions and look forward eagerly, I am sure, to the day when they reach the age of 70 and can become eligible to receive the old age pension.

If we look at the situation as it has developed over the past 20 years we can cite, for example, the fact that prices have doubled. The consumer price index has gone from 63.2 to 123.3. The price levels in 1957 are two-thirds higher than they were in 1945 and 25 per cent higher than they were in 1949. One hundred dollars in 1939 was worth $84.78 in 1945, $57.78 in 1950 and $52.12 in 1957. Those pensioners, that large group of over 4,000 receiving less than $50 a month, are actually receiving only something in the neighbourhood of $25 or $26 a month, which would make living almost impossible without supplementary income by way of savings or by way of individual initiative in developing income of their own by taking in roomers if they still have their homesteads or taking in nursing patients if they are eligible to do so under the bylaws of the municipality in which they live; and many of them do this.

At the same time many of them are not qualified by the nature of the employment they had in the civil service, and it is in the group of older people who had lower civil service incomes that I am sure there is the majority of the distress. If we take, for example, a clerk grade 3 we find that he would receive in 1939 a pension of $1,134. In 1945, that pension would be worth $955; in 1950 the same pension would be worth $696 per annum, and in 1957 a mere $581. How can this be regarded as a satisfactory annual pension after the recipient has put in long years of service to the government? It is quite obvious it would be impossible for any person to get by on such an amount, quite apart from the case of two persons who are married.

Only two provinces in Canada have done something to provide supplementary pensions for their employees, and those are the provinces of Saskatchewan and Newfoundland. However, even private enterprise has recognized the desperate need of some of its pensioners, and several large companies have reviewed their entire pension plan in recent years and made provision for awarding an across the board increase to those pensioners who had been longest on pension, yet who have given many years of loyal and faithful service to their companies, service which is being properly recognized by the award of an increase.

According to the brief submitted by the Ottawa civil service association, two steps may be taken. The first is to bring pensions into line with the cost of living, which they estimate would cost $3 million, and the second is to tie future increases to the increases in salaries of civil servants presently in the employ of the federal government. The association estimates that for every one per cent increase in the salaries of civil servants it would cost an additional $230,000 per year.

Now the other suggestion which is of interest to me because it would not disturb the existing legislation was the suggestion made by the hon. member for Winnipeg North Centre that as an interim measure retired civil servants who are receiving very low pensions should be provided with a supplementary amount of money to bring them up to an absolute across the board basic minimum, as a fixed amount. If this were done by way of a supplementary estimate these retired civil servants would be provided with a measure of relief almost immediately which they would not otherwise receive if we went too deeply into the legislation itself and perhaps committed ourselves to a long period during which the matter would be

under consideration, such as was the experience of the opposition over the period 1947-1957, those deliberations being, in the end, without success. Despite this, the brief of the civil service association of Ottawa does suggest that the actuarial balance of the fund might be maintained and I quote:

> In assessing the impact of such additional payments on the superannuation fund, it should be noted that $20.4 million was paid out in pensions in the fiscal year 1955-56. The proposed increase would therefore amount to about 15 per cent of present pension payments. Revenues of the fund amounted to $96 million in 1955-56, including $32.1 million in employee contributions, $32.5 million in employer contributions, and $30.9 million in interest. As a result, the year's surplus on operations of $70.7 million increased the superannuation fund to $804 million as of 1 April, 1956.

Then on page three, at appendix (b), they said, and I quote again:

> If the CSAO's first recommendation were implemented, it is estimated that the second recommendation would cost $230,000 a year for a one per cent general salary increase as far as those now on pension are concerned. The capitalized value of the sums involved for those now on pension might be about $2.3 million for a one per cent salary increase. An additional $1.8 million might be required to safeguard the real value of the pensions of those civil servants retiring within the next ten years.
>
> In view of the $70 million surplus on the superannuation fund's annual operations, as mentioned above, it would appear that the CSAO's first proposal, involving an additional $3 million, could well be implemented without increasing the 6 per cent contribution rate now in force. It would also appear that the second proposal—to safeguard future pension values—could be implemented without raising the contribution rates as long as the ratio of pensioners to employees, currently at about 1 to 11, does not drop below 1 to 6—a situation difficult to envisage.

The reason I put these quotations on record is because an actuarial analysis has apparently been made by the civil service, and from the contents of the brief it would appear that what they are seeking can be implemented without upsetting the actuarial balance of the present fund. It seems most unlikely to me that the ratio of pensioners to employees, one to eleven, at present, would ever drop below one to six. We know this is likely to be so because the number of civil servants required by the state is increasing every day. It is bound to increase with the increase in the population of our country, with the national defence situation as acute as it is at the present time, and with the increase in our social security measures. As an alternative to the suggestion of the hon. member for Winnipeg North Centre I would recommend that the suggestion of the civil service association of Ottawa be seriously examined.

We should never forget when discussing pension problems that we have the large numbers of people across the country who have been self-employed on moderate incomes all their working lives. Perhaps they have operated as the sole proprietors of small businesses and raised and educated families. In their twilight years they have looked into their bank accounts and safety deposit boxes to find that while they have been great contributors to the welfare of the nation over the years and indeed have provided employment for perhaps two or three other people they have not got on hand the assets to tap which in their youth they hoped to have when the sun began to set on their period of productivity. This is due in part to inflation and sometimes to medical or hospital expenses or a number of other things.

When I think of people in this position I think of fishermen, farmers and professional people. I cannot resist placing on record the admiration I have for the individuality, initiative and forward for Canada spirit they have displayed over the years and I sympathize with them. In some vocations such as fishing and farming it may not be possible at age 60 to do what can be done by those of comparable age in office jobs. Some of these people may have had to sell their farms or fishing boats and perhaps look to spending their declining years in a small cottage in the city and feeling self-satisfied that they have perhaps put aside a nest egg of $10,000. In this day and age regardless of how well it is invested a nest egg of this amount can never return sufficient supplementary income without encroaching on capital to provide them with an adequate living particularly between ages 65 and 70. Because they have put aside that nest egg by dint of hard work they will not be eligible for pension between 65 and 70 and in all likelihood before reaching age 70 will have exhausted these moneys and in many instances have to resort to a pension on the means tests which is something extremely disturbing to a man who has stood on his own feet throughout his lifetime.

When thinking of such people you can in your mind's eye travel into Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and British Columbia to visualize the fisherman and you can in your mind's eye travel across the country to visualize the farmers and readily sympathize with their position and remember the fact that there is no government insurance plan providing for their later years; and while you can forward and support this resolution, as I do, I think it is essential that we keep these other people in mind at the same time.

Mr. E. L. Morris (Halifax): Mr. Speaker, I enter this debate late in the day to make one

or two observations and also to point out what must be apparent now to the reverend and hon. member for Fort William (Mr. McIvor). The crowning irony of his parliamentary career is that one of the things held dearest to him should have found more support among people whom he has opposed during his political career than it has apparently found among his ostensible friends.

I listened this afternoon to various members refer to the record of previous administrations in respect of the efficacy of increased pensions and superannuation payments to federal civil servants and other employees of the federal government. I am sure the hon. member for Winnipeg North Centre (Mr. Knowles) will recall the answer he received on a previous occasion when discussing this subject and if not I will refresh his memory by referring him to page 469 of *Hansard* of February 17, 1947, ten years and ten months ago today—

Mr. Knowles (Winnipeg North Centre): I quoted that question this afternoon.

Mr. Morris: —on which occasion in response to the hon. member's question as to whether consideration had been given by the government to increasing the pensions of superannuated federal civil servants by the addition of a cost of living bonus or other supplement the then parliamentary assistant to the minister of finance said that the question was still receiving consideration and the government's policy would be announced in due course. I refer to the quotation this evening only to point out again to the hon. member for Fort William and to others in this house that this parliamentary assistant to the minister of finance ten years ago apparently had a somewhat different attitude toward this question than has the parliamentary assistant to the present Miniser of Finance who spoke this afternoon.

There have been many debates over the years on this problem. We on this side of the house and particularly the junior members feel that the former administration deliberately stalled on this question of increased payments to superannuated and pensioned federal civil servants. We believe this because we believe that when the gentleman who was the leader of the Liberal party at the time of the question to which I referred came into this house he set the example in Canada of someone seeking a political career from a place in the civil service. We notice that this habit has been followed in that party since that time and is likely to be followed again. Sir Wilfrid Laurier could hardly have guessed the consequences of appointing to the civil service a partisan at once so able and so ambitious who built up a personal power complex based on his affiliations in the civil service.

Mr. Speaker, I am one of the young and new members of the House of Commons who feel that we have a special moral responsibility to federal government employees. With all due respect to some of my colleagues who have expressed other opinions on the subject —we are all entitled to our private opinions as backbenchers in this party—I feel that we cannot exercise a strong position of moral suasion in respect of other pensions for other workers in Canada and we cannot advocate a greater justice for them if we deny by incaution or inactivity a greater justice for federal government employees.

What are the facts concerning retired federal civil servants? On February 13, 1957, just prior to the last debate in this house on this question which took place on March 4, the then minister of finance was asked what was the highest monthly pension paid by the government of Canada to which he replied $875. That was the highest pension paid on that date.

He was asked how many were receiving pensions of $1,000 a month or over. He replied, none. He was asked how many were receiving pensions between $500 and $999, and he replied, 28. He was asked how many were receiving pensions between $100 and $499 a month and he said, 7,067. He was asked how many were receiving pensions of between $40 and $99 a month and he said, 8,618. He was asked how many were receiving pensions of less than $40 a month and he said, 5,644.

When you look at the averages the case is even worse. The average of the 7,067 former federal civil servants and Royal Canadian Mounted Policemen receiving pensions of between $100 and $499 a month on February 13 last was not $499; it was $165.59. The average for the group receiving between $40 and $99 a month—that is the average for the 8,618 retired federal civil servants and retired R.C.M.P. receiving gross annual pensions of $480 to $1,088 a year—was only $67.61 a month. The average for the 5,644 getting less than $40 a month was $21.03 a month.

The hon. member for Winnipeg North Centre, who has been a long-time advocate of this resolution and who must now, I think, look forward with more expectation than he has in the past for some remedial action, took part in the debate on March 4, 1957, when this matter was last discussed. At that time he alluded to a table which appeared in *Hansard* on February 1, 1956, which I should like to read lest anyone think

this is a political matter. Indeed, we on this side of the house feel that it may have been delayed in action because it was not notoriously a politically successful advocacy.

Eighteen months ago there were 79 retired civil servants in Newfoundland and 26 widows. In my province of Nova Scotia there were 487 retired civil servants and 241 widows. In Prince Edward Island there were 64 retired civil servants and 37 widows. In New Brunswick there were 307 retired civil servants and 199 widows. In Quebec there were 2,264 retired civil servants and 1,326 widows. In Ontario there were 5,830 retired civil servants and 3,030 widows. In Manitoba there were 616 retired civil servants and 275 widows. In Saskatchewan there were 324 retired civil servants and 121 widows. In Alberta there were 531 retired civil servants and 240 widows. In British Columbia there were 2,159 retired civil servants and 757 widows, and residing elsewhere than in those 10 stated provinces there were 341 retired civil servants and 206 widows. Therefore, the total of the population receiving superannuation payments in respect of federal government service is approximately 13,000 civil servants and 6,000 widows, spread almost evenly across the country in relation to population.

I believe, Mr. Speaker, we must recall in this matter some factors which I have not heard mentioned so far during the debate today. As I remarked earlier, I believe we have a moral responsibility as legislators in a federal parliament to attend to the need of federal government employees before attempting to convince or persuade other persons that they should do better than we are. We must also remember, Mr. Speaker, that federal civil servants and Royal Canadian Mounted Police did not have in years gone by and do not have today the same bargaining rights as other industrial and manufacturing employees. We must also recall that unless there is some assurance of some reasonable equation between purchasing powers in one year and purchasing powers in subsequent years, unless there is some reasonable assurance of some equity in purchasing powers, then all time contracts are going to be substantially meaningless and if we contract with a civil servant to pay him a superannuation based, for instance, upon a customs collector in 1937 receiving $2,620 a year from the civil service —now his salary is $5,200—if he retired at a wage of $2,620 averaged over a period immediately prior to his retirement, then his superannuation is certainly not going to be sufficient to keep him in the manner in which he expected it would when he retired on superannuation which he thought sufficient.

We do not think that this issue of pensions for retired civil servants and Royal Canadian Mounted Policemen can be or should be divorced from the whole area of the public service. What is it that the majority of us on this side of the house wish?

Mr. Peters: Talk the bill out.

Mr. Dinsdale: It is not a bill; it is a resolution.

Mr. Morris: I did not hear the interjection, but I hope the remark was "talk the bill out". I hasten to draw attention to the fact that it is not a bill at all; it is a resolution. But if we do this, it will be no different from what has been done in years gone by. The minister of finance talked it out the last time it was up.

Mr. Knowles (Winnipeg North Centre): I thought we had a change on June 10.

Mr. Morris: You have been given a reasonable assurance today, and surely you have seen it in the attitude of the Conservative backbenchers that an entirely different attitude obtains toward this question. You and I have both heard here in this House of Commons the Minister of Finance say that it would deserve an entirely different attitude, and today the parliamentary assistant said that it would get a different attitude.

Mr. Byrne: Let us vote on it, then.

Mr. Morris: We on the back benches of this party seek a civil service neither of rulers nor of party retainers. If we do not treat retired civil servants adequately it will affect the whole morale of the active public service. We seek a public service of educated, enlightened and above all disinterested advisers, not only disinterested from the Liberal party but disinterested from our party. We want them to be able to bring to bear upon the consideration of public questions the thought and the energy of cultivated men and women, free entirely of partisan zeal not only for our opponents but for us, and undisturbed by personal or political ambition. We do not want to see a premium put upon the civil service as a springboard, as Mr. Mackenzie King and some of his followers used it for political gain. We want, in short, a civil service which will be free from those two great perverters of mankind, fear and gain. If it is to be freed of gain then we think we should take action to relieve its retired members from fear.

(*Translation*):

Mr. Theogene Ricard (St. Hyacinthe-Bagot): Mr. Speaker, so far nobody has spoken in French on so important a subject as the

pension of civil servants and members of the Royal Canadian Mounted Police. As a Canadian of French origin and as a Conservative member, I am particularly pleased to speak on behalf of French-speaking citizens who are in the employ of the government to ask for a better deal for government pensioners.

I am happy, Mr. Speaker, to have the opportunity to speak on the resolution introduced by the hon. member for Fort William (Mr. McIvor). As a representative in the house of a riding made up for the most part of working people, I am in a position every day to see that many of them, in their declining years do not receive the fair reward which they are entitled to expect. I realize that it might be difficult for certain private firms to provide a fair pension for all their employees, but I honestly believe that in this respect, the government of Canada should set the example.

As a matter of fact, the government of Canada grants a pension to all its employees. What the former government has forgotten is that those pensions, when the standard of living rises, become inadequate. The Conservative government have shown, from the beginning of this session, that they intend to straighten the matter and allow government pensioners to enjoy a larger share of the income, thus placing them in a more adequate position in relation to our economy.

Older people, the disabled, the crippled and the veterans have now been given a substantial increase of pension. Our civil servants should receive the same treatment.

The civil servants who are now in the employ of the Canadian parliament draw a fair salary and are able, through appropriate deductions, to secure a reasonable pension for the future. It might be argued that the cost of living has reached such a high level under the former government that it can hardly get higher in the future.

However, the problem becomes crucial when it involves former civil servants and members of the R.C.M.P. These people have given long years of service to the state and retired at a time when salaries happened to be lower, and because deductions were necessarily less their pension is smaller too.

The rate of this pension might have seemed reasonable at the time these employees were retired, but the problem remains the same; the cost of living has gone up considerably and so have salaries, but the pensions of these civil servants and members of the R.C.M.P. have remained the same.

We, the younger members, know how useful civil servants can be to us. From the humblest messenger boy to the heads of departments, they all put themselves devotedly at our disposal. We are supported by conscientious employees who serve us regardless of our political affiliation and of our inexperience, and treat us all equally well. I am very pleased to pay this tribute to these gallant associates before the hon. members of this house. Even if I have not had the pleasure of working with the former civil servants, I know that they were always conscientious and did their utmost to be of service to the representatives of the people in this house.

Ever since the inception of the Royal Canadian Mounted Police, its members have been known as men of great courage, with an upright conscience and devoted to the point of heroism.

The risks and hardships of their occupation have always existed. I daresay they were even greater fifty years ago than they are today because communications were more difficult, relations between various groups of the country were less friendly and facilities less developed. These brave constables have always worked hard at their duties, at tracking down criminals and at maintaining order in the heart of this country as well as in its most isolated areas.

Like everybody else they received a salary but, admittedly, at a rate which corresponded to the economic development of the country at the time.

Today these men are too old to work. They have left the force and taken their pension but they have to pay twice as much to buy the necessities of life. We should do more for those defenders of law and order. I am therefore happy to request on their behalf a revision of their pension scales.

The Conservative party has been among the defenders of the civil servant and consequently of the members of the Royal Canadian Mounted Police, who are also employees of the Canadian government. We have said so on more than one occasion and my predecessors, the Conservative members of this house, were always among the first, when they sat in opposition, to come to the help of government employees. I will not run counter to this policy, as I feel confident that the Conservative government will leave nothing undone to adjust those pensions, in fairness to these men and women who have spent long years of their life in the service of the government of their country and who richly deserve at this time that account be taken of their welfare.

(*Text*):

Mr. R. J. McCleave (Halifax): Mr. Speaker, we are specifically dealing this evening with the victims of inflation who come directly under government control. I think we should also cast our eyes to wider and further horizons and should consider the matter of inflation as it affects other employees as well. Before I get into a couple of specific remedies which I would like to put to the house for its consideration, may I seize this opportunity, sir, of complimenting you and your deputies upon your election to preside over the affairs of this house. In the brief time this parliament has been in session, you have shown by your fairness, your courtesy and by that wonderful sense of humour, what a proper officer of parliament should be. I feel, sir, that you have kept the house reasonably free from the excesses of the maidens now sitting in opposition and who used to sit on the treasury benches and also, to be fair, from the excesses of the maidens who now sit on the treasury benches and who used to be in opposition.

I am sorry I was not in the house this afternoon to hear the beginning of this debate. We on the external affairs committee are keeping hours that are almost rivalling those maintained by this house. It seems to me the remedy that we consider should be considered in the light of the fact that government has two aspects. The first aspect of government to keep in mind in a debate like this is that the government is an employer, either itself or through the medium of crown corporations. The second aspect of government to bear in mind is the broader sense of the conduct of the affairs of the nation that touch on the lives of all Canadians. Now, could we solve the one problem, the lowered purchasing power of the civil servants and the retired mounted police officers, I ask, without being unfair to the others? Since I was not here, I do not know if any information was presented as to what industry has done to solve the problem for those who retired on pension during the years 1930 to 1940.

However, I believe we do have an immediate remedy at hand for those under our direct control, that is the civil servants and R.C.M.P. who have retired. I believe that was set forth this afternoon in the remarks, which unfortunately I did not hear, of the hon. member for Carleton (Mr. Bell). Now, sir, inflation points out the need for some remedy which can adjust itself to the disease. The remedy needed is one which has, at least, the factor of growth. This evening we were told by the hon. member for Winnipeg South (Mr. Chown) that the dollar today is worth about 50 per cent of what it was 18 years ago. I draw a parallel between the loss of purchasing power of these pensions and the losses in other fields as a result of inflation. I think, for example, of insurance investment. The life insurance dollar has certainly not done the job we would like it to do and that is because inflation has knocked down its value. If $10 were invested in 1946, and that was the first touch the insurance agent made upon me, it is probably worth about $6 or $7 today.

The difficulty, as I see it, with pensions and with insurance investments is that those are the orthodox type of investments and subject to very strict dominion and provincial laws. These investments are restricted pretty well on the security side, that is things like bonds and mortgages, rather than the equity side, that is the ownership of shares. Shares, as we know, can adjust themselves as capital appreciates in value, and the shares will go up in value too. I should like to make this suggestion, if I may, so we can come to grips perhaps with the larger problem that confronts us, not only the one so ably put forward by the hon. members for Fort William (Mr. McIvor) and Winnipeg North Centre (Mr. Knowles), but the problem of the people outside who are not retired civil servants or R.C.M.P. Perhaps we should relax the present laws so that pensions may be related to appreciation or growth, or call it inflation if you will.

Another possible remedy, which might sound rather radical, and certainly one that would have to be given a great deal of consideration—I think of it offhand, and I am not particularly wedded to the idea—is a tie-in somewhere of rents to the matter of pensions. Rents will go up in good times. They are certainly a more correct barometer or index to financial growth, as anyone who has had his rent raised will appreciate, than the more orthodox type of investment to which pensions are now anchored. The solution may be to turn the pension fund into some form of housing development on the equity side. I thank the house for its consideration.

Mr. W. G. Dinsdale (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, it has been my privilege—

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Dinsdale: —to sit in the house on a good many occasions when this resolution has been debated.

Mr. Knowles (Winnipeg North Centre): This is not your maiden speech.

Mr. Dinsdale: As I rose to speak, I heard the hon. member for Winnipeg North Centre (Mr. Knowles) say that this is not my maiden speech. I would inform the hon. member that the reason I have been delayed in making my contribution today is because there were certain members anxious to make their maiden speeches on this very important subject. In former years I have not taken part in this discussion because I felt there was very little prospect of getting action on the matter under the former administration. I should like to assure the hon. member for Fort William (Mr. McIvor), who has sponsored this resolution, that I have always been heartily in favour of the sentiment contained therein.

I rise tonight, Mr. Speaker, because as I listened to the discussion, and I followed most of it today, I felt that for the first time it would appear that we are going to get somewhere in regard to the implementation of this resolution. I thought the contribution of the parliamentary assistant to the Minister of Finance (Mr. Bell) was especially forthright and left no uncertainty at all concerning the attitude of the present administration to this difficult problem. I quite appreciate that it is a complex problem. He outlined the consideration that had been given already and indicated that rather than any delaying action the minister, the parliamentary assistant and the officials of the finance department are giving it the most urgent and anxious consideration possible.

The hon. member for Fort William and myself have often been allied in worthwhile causes of this kind and this was another reason for my desire to say a few words at this time, to vocally express my admiration for his contributions to the many topics discussed in this house during the long years he has sat here, and also to indicate my personal support for this particular recommendation.

This resolution refers only to two categories affected by the general problem of pensioners at this time. He refers to the civil servants and to the members of the R.C.M.P. I want to take this opportunity to mention another category of pensioner that is most severely affected by the inflationary trends of recent years. It is a group who come under the old militia pension act. It is not a large category. As a matter of fact, my special interest in this resolution arises from just a few cases of the kind that exist in my constituency.

I have had one or two former members of the permanent force retired under the old militia pension act who have been contacting me regularly with reference to this difficulty. I have made certain representations in writing to the minister of finance in years gone by. No action was taken because of the general tendency to postpone action on this problem. However, I am presenting this special aspect of the difficulty tonight, hoping that the comprehensive considerations that were outlined by the parliamentary assistant to the Minister of Finance will be broad enough to extend to this category as well as the others. These people, while not so numerous as the civil servants generally or even the Royal Canadian Mounted Police are suffering under the same financial disability.

In reference to a problem of this kind there immediately arises the question as to where the necessary financial resources are coming from in order to implement this recommendation. The hon. member for Fort William, in his usual forthright manner presented the thought that perhaps a special tax on tobacco and liquor might solve the difficulty. It is true that those two particular commodities yield a substantial percentage of our tax returns. As a matter of fact, I remember that a former minister of finance—I refer to Hon. Douglas Abbott—who was a non-smoker himself when questioned on this point or whenever he was offered a cigarette, his invariable reply was, "I don't smoke 'em; I just tax 'em". It is true that tobacco as well as liquor has yielded a high rate of tax return.

I cannot agree with the hon. member for Fort William that funds sufficient to meet the increased public expenditure required for bringing up the depressed position of civil servants and mounted police and the other categories into line with the prevailing cost of living could be derived from this one source. But after listening to the parliamentary assistant this afternoon, I am quite sure that he and his associates are dealing with the broader aspects in this regard and that they will be able to come up with a suitable solution.

I do not want to prolong this discussion unduly tonight, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Two more minutes and you have done your job.

Mr. Dinsdale: As I have indicated, I have never had an opportunity previously to speak on this matter. There is only one further point that I should like to make at this time. The point has been made tonight that the unfortunate circumstances in which our retired civil servants find themselves are the result of inflationary trends. I feel that statement is only partially true. We have been beset with what is called creeping inflation where prices and wages, at least in the last 20 years, have been rising continuously whereas those on fixed incomes feel themselves to be remaining at the stationary level. In other

words, it almost appears that management and labour today enjoy the benefits of an escalator provision in the economy. I know it is not put there in a formal way but the trend has been for labour and management, in terms of wages and prices, to be on a very exhilarating escalator ride whereas those on fixed incomes, such as those whom we are discussing tonight, find themselves in a static and relatively depressed position.

But that is not the only cause of the difficulty of those whom we have been discussing here today. It arises from the fact that they were retired in a period when wages and pensions were comparatively low. As a matter of fact, the whole idea of pensions in anticipation of future retirement and the natural needs of future retirement were only in the infancy of development. Today we have established systems of pensions in private enterprise, in government, in all the walks of life, that are actuarially sound,—

Mr. Knowles (Winnipeg North Centre): Ten o'clock.

Mr. Dinsdale: —and assure the retired worker today that no matter what his vocation or pursuit in life his pension will be adequate for the years of retirement.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Dinsdale: In supporting this resolution I think we have to take into consideration the fact that we are dealing not only with inflationary trends but with the fact that the pension scheme in the first instance was inadequate. I see that it is ten o'clock, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Are you surprised?

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business of the house is tomorrow? But before the house leader rises, I wonder whether he would not give consideration to the fact that this is the last week of the session before the Christmas recess and that it is traditional, I understand, for the house leader on an occasion such as this to give to the house the business that is likely to take place during the rest of the week. I wonder whether he will not tell us that tonight.

Mr. Green: I doubt very much whether there is any such precedent as that which the hon. member for Laurier (Mr. Chevrier) has dangled in front of me this evening.

Mr. Pickersgill: Mr. Harris always did it.

Mr. Monteith: Mr. Harris never had the experience.

Mr. Green: The business tomorrow will be, first, item No. 18 on today's order paper, third reading of an act to amend the Export Credits Insurance Act; then item No. 32, a resolution dealing with the National Housing Act; then the item under government notices of motions, a resolution dealing with the Unemployment Assistance Act; then item No. 19, house in committee on a bill concerning a Canadian National Railways branch line; item No. 20, house in committee on a bill respecting the Hamilton harbour commissioners; item No. 21, house in committee on a bill to amend the Canadian Vessel Construction Assistance Act; item No. 25, second reading of an act to amend the Pension Act; and item No. 23, second reading of an act to provide for annual vacations with pay.

Mr. Chevrier: This looks like a week's business.

Mr. Green: I hope it will not take a week.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CANADIAN FARM LOAN ACT—APPLICATIONS FROM B.C.

Question No. 237—**Mr. Christian:**

During each of the years 1955, 1956 and 1957, in respect to the province of British Columbia:

1. How many applications for loans have been made under the Canadian Farm Loan Act?
2. What was the average amount of such loans?
3. How many loan applications were approved?
4. How many loan applications were refused?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1.

	1954-55	1955-56	1956-57
Applications received during year	317	218	255
Applications pending close of year	32	28	32
Applications dealt with during year	285	190	223

2.

1954-55	$4,440
1955-56	4,500
1956-57	5,400

3.

1954-55	85
1955-56	72
1956-57	78

4.

	Before appraisal	After appraisal	Total
1954-55	129	71	200
1955-56	88	30	118
1956-57	100	45	145

ST. JEROME AIR OBSERVER CORPS

Question No. 253—**Mr. Raymond:**

1. Has the air force observers corps unit of St. Jerome been transferred from St. Jerome to the city of Three Rivers?
2. If so, for what reason?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes. 60 R.C.A.F. ground observer corps detachment, St. Jerome, Quebec, was disbanded and its function and organization combined with that of 62 R.C.A.F. ground observer corps detachment, Three Rivers, Quebec, on 30 August, 1957.

2. In view of the improved communication facilities at Three Rivers, this transfer was made in order to increase the operational effectiveness of the corps.

CANADA SAVINGS BONDS—SELLING COMMISSION

Question No. 259—**Mr. McCullough:**

1. What is the rate of commission allowed to the chartered banks for selling and handling Canadian savings bonds?
2. What was the total commission paid for such purposes during the fiscal year, 1955-56?
3. Is the commission paid to the head office of the chartered banks or to the branch manager?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. Issuing fee—$\frac{1}{4}$ of 1 per cent.
Sales commission—$\frac{3}{4}$ of 1 per cent.

2. Total of commissions and issuing fees paid to banks during fiscal year 1955-56

Issuing fees	$1,566,889.13
Sales commissions	2,828,992.94
	$4,395,882.07

3. Issuing fees and sales commissions are withheld by the branch bank when remitting the proceeds of sales to the Receiver General. The disposition of such fees and commissions is not of government record.

COLUMBIA RIVER DEVELOPMENT

Question No. 288—**Mr. Christian:**

Since June 10, 1957, what action has been taken by the government for a favourable settlement of international problems in connection with the Columbia river to clear the way for a joint program with the province of British Columbia to develop the immense power in the waters of this river?

Answer by: **Hon. Sidney E. Smith (Secretary of State for External Affairs):**

The government is making use of all available intergovernmental channels for the exchange of views and negotiation of a favourable settlement of international problems in connection with the Columbia river.

HOUSE OF COMMONS

Tuesday, December 17, 1957

The house met at 2.30 p.m.

LABOUR CONDITIONS

BRITISH COLUMBIA—ANNOUNCEMENT OF CONTINUED OPERATION OF HOWE SOUND COMPANY

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I am glad to be able to inform the house that an arrangement has been worked out under which the directors of the Howe Sound Mining Company have agreed to keep the Britannia mine open on a reduced operating basis for a further period, which it is hoped will be at least six months. The parties to the arrangement are the dominion government, the government of British Columbia, the company and the mine workers. I am informed that a telegram has accordingly been sent from New York this morning to the mine management at Britannia.

As the house knows, for some weeks we have been holding discussions with the company, the men and the provincial government to see what could be done to avoid a shutdown of the mine with the disastrous consequence which would follow for the 700 men and their families who would have been thrown out of work as a result. It should be emphasized in fairness to the company that at no time have they ever either directly or indirectly sought governmental assistance or intervention. They have, however, shown throughout a highly commendable readiness to postpone a shut-down which their own experts urged them to make in order to carry on discussions in an effort to arrive at a solution which will keep the men at work notwithstanding that they were and still are incurring substantial losses.

At the time these discussions commenced the hope was to keep all the men at work. However, on December 3 the company advised that a further recommendation had been received from their consultants, as a result of which their directors had no option but to decide that it would be in effect an abuse of their property and a breach of their responsibility as directors to continue full scale mining operations under present conditions. We were, therefore, faced with a decision of the company that, effective today, these operations would be discontinued.

They were prepared, however, to consider an arrangement to continue operating on a reduced scale if some assistance were forthcoming. This arrangement involves a complete reorganization of their operations, but will provide for the continued employment of between 350 and 400 personnel.

Although we were naturally disappointed that it was no longer possible to keep all the men at work, it was still most desirable to do everything possible to keep something over half of them in employment. I am very happy to be able to say that this has now been achieved.

The company has agreed, on the assurance that the assistance detailed later will be forthcoming, that it will reorganize its operations and continue work on the property in order to provide employment for between 350 and 400 personnel, thus avoiding a lay-off of the whole working force at a time of year when it would be virtually impossible for them to secure alternative work.

A substantial part of the company's operating cost is incurred in the expense of operation and maintenance of their townsite and the provision of services to the houses occupied by their employees, all of which are owned by the company. It is our thought, therefore, that the contribution of government should be founded on the basis of assistance in meeting these costs of supplying and servicing accommodation. On this basis, it has been agreed that if the two governments will provide a total of $20,000 per month for up to six months the company will continue its operations on the reduced scale referred to, and will continue to provide accommodation for the 350 to 400 personnel employed for such period as may be practicable.

As regards the amount of assistance to be provided by each government, it has been agreed that, if parliament approves, 80 per cent will be paid by the dominion government and 20 per cent by the government of British Columbia. I should say that the exact figure of percentage is subject to confirmation which we expect to receive very shortly, but it will be very close to the figure I have just mentioned. The men have already made, and will continue to make, a substantial contribution toward helping to solve this problem. The company will continue to incur substantial losses in the immediate future.

The government recognizes that what is proposed is unusual, but this is an unusual situation. Here is an industry in an isolated

locality, all of whose workers live in a company-operated and company-owned town. If the mine were to close now, not only would the employees be unable at this time of year to secure alternative employment but they and their families would be without accommodation. It is true that the plan which is proposed to keep the mine open for a few months involves only about one-half the workers, but it may nevertheless be possible —and this has yet to be worked out—to find some method of providing winter accommodation during the remainder of these winter months for those who unfortunately will have to be released from work.

This plan will thus not only maintain men and their families in employment and accommodation over the winter months when there would otherwise be no hope of finding alternatives for either, but also marks a unique co-operative effort to find a solution to a pressing problem, with contributions being made from four sources; the two governments, the men and the company.

With regard to the company, I should like to emphasize that for the last several months the mine has been operating at a loss of between $60,000 and $80,000 a month. Even with the assistance now to be provided and work being continued on a reduced scale, losses will continue to be substantial. It seems to me that the board of directors and the management are due a sincere expression of gratitude for their contribution in agreeing to keep the mine open under these conditions.

Accordingly, Mr. Speaker, the government will in the very near future be submitting a specific proposal to parliament to authorize the payment of $16,000 a month, or such other proportionate amount as will finally be agreed to with the province of British Columbia, toward defraying a portion of the costs of keeping the Britannia mine open for a period of up to six months.

Mr. Colin Cameron (Nanaimo): May I ask the minister a supplementary question. Are these payments contingent on the price of copper remaining at the same level, or will there be a provision that if the world price of copper rises then these payments from public funds will cease?

Mr. Fulton: The payments are not contingent on the price of copper remaining at a fixed level. The government has indicated its willingness to enter into a commitment for up to six months. The company has entered into a commitment to keep operating for as long as may be practicable. If the price of copper should fall I would assume the company would have another look at the situation. If the price of copper should rise, then I would assume that the need for assistance will be proportionately lessened, but that would be a matter for further negotiation.

Mr. D. F. Brown (Essex West): May I ask a supplementary question. I note that the minister said that assistance will be given by the government particularly with respect to housing the workers of Britannia mine. Will the government give similar assistance to the workers in the automobile factories of Windsor, who as of last week numbered about 16,000?

Mr. Speaker: That is hardly a supplementary question. If the hon. member would like to have it answered I will call orders of the day and we will take the question as having been repeated. Does the minister wish to deal with it?

Mr. Fulton: Of course I cannot speak for the government on a general proposition of that nature. I was entrusted by my colleagues with the responsibility of negotiating some arrangement whereby we might enable these men to continue in employment for the winter. As I have pointed out, the situation here was that if there was closure of the mine not only would there be discontinuance of employment but there would be men thrown out of accommodation in an isolated community a week before Christmas. It was with that unique situation in mind that we have been able to find a solution to that particular problem.

Mr. Brown (Essex West): Will the minister then give assurance that Central Mortgage and Housing Corporation will not dispossess a great many of our automobile workers?

Mr. T. S. Barnett (Comox-Alberni): I should like to ask the minister a question related to the statement he just made. Does the minister expect to be able to make an early announcement regarding what will be done about ensuring that those who are not remaining in the employ of the company for the time being will be able to continue to reside in the houses they now occupy?

Mr. Fulton: As I have indicated, Mr. Speaker, that is a matter which is still under consideration, and as soon as any solution of that problem has been found we will be glad to announce it right away.

Mr. Barnett: Does the minister anticipate that something will be settled soon with regard to that matter?

Mr. Fulton: I can only say in answer to that question that we are quite aware of the emergent nature of the situation and will treat it as such to the best of our ability.

[*Later:*]

Mr. Fulton: Mr. Speaker, I am glad to advise the house that I have just been handed a copy of a telegram received in my office, which advises me that the provincial government of British Columbia confirm that they are prepared to share in the cost of keeping the Britannia mine open on a temporary basis to the extent of 20 per cent up to a maximum of $30,000. On the basis of the figures so far available to me I am satisfied that the maximum would not be reached and that therefore we can expect a 20 per cent contribution from the province of British Columbia.

[*Later:*]

On the orders of the day:

Mr. Brown (Essex West): May I direct a question to the Minister of Justice and another to the Minister of Public Works. First of all may I direct a question to the Minister of Justice. Can he tell us whether the operations of the Britannia mine are carried on in his constituency?

Mr. Fulton: Mr. Speaker, acting in my capacity as a member of the government, I regard myself as having a responsibility to the whole dominion.

Mr. Speaker: The hon. member for St. John's East.

Mr. Brown (Essex West): May I direct a supplementary question to the Minister of Public Works.

Mr. Speaker: Afterwards; I have recognized the hon. member for St. John's East.

[*Later:*]

Mr. H. J. Robichaud (Gloucester): In view of the announcement made earlier by the Minister of Justice, will the minister advise the house whether a similar policy will be adopted by the government for other minerals such as zinc and lead, which are facing a problem similar to that of the Britannia mine and which today affect very seriously my own constituency of Gloucester and other areas in northern New Brunswick?

Mr. Fulton: Mr. Speaker, I think perhaps my answer to that question must be somewhat the same as the answer I gave a little earlier, namely that I was entrusted by my colleagues with the responsibility of negotiating in the particular case of the Britannia mines. I am therefore unable to give a general answer to such a question, except that I know I can speak for my colleagues when I say, as I think we have demonstrated, that we are fully aware of the serious consequences of unemployment and that we are determined to take every action within our power to meet and to prevent unemployment from arising.

Mr. Robichaud: Then may I ask a supplementary question. As the Minister of Justice does not seem to be in a position to answer the question, could the question be answered by the Minister of Mines and Technical Surveys (Mr. Comtois), since it comes directly under his jurisdiction?

Mr. Speaker: Order. The hon. member has had a reply to his question, and I do not think he can repeat the question to another member of the government.

UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT WINTER PROGRAM

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour based on the unemployment figures released at ten o'clock this morning by his department and by the dominion bureau of statistics.

In view of the alarming increase in unemployment and the corresponding decrease in the employment figures, and in view of the interest the government has shown, through the announcement made today by the Minister of Justice, in doing something about unemployment, can the minister say whether the government is taking any steps to speed up the winter employment program to which the Minister of Labour made reference in the house on November 20?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker. I can assure the hon. member as well as the house that we are continually, each and every day of the week, trying to push this winter program as quickly as possible. We are trying to interest all people, including organizations, municipal bodies and provincial governments, in participating in promoting winter employment. The result, of course, remains to be seen when the time arrives in the spring.

TRADE

LEAD AND ZINC—INQUIRY AS TO STEPS TAKEN TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to ask an "in view" question of the almost "out of view" Acting Minister of Trade and Commerce, but before doing so I want to bring to the attention of the house what unity amongst British Columbia members can do and also how commendable it is that the agreement respecting Britannia

mine has been arrived at as the result of concessions by all parties concerned.

My "in view" question is this. In view of the serious threat to the economy of the base metals industry in the proposed increase in the tariff on lead and zinc entering the United States; in view of the increasing concern of the one-third of the employees of the industry who face the dire possibility of losing their jobs early in the new year, and in view of the fact that it now appears that only the strongest diplomatic pressure will persuade the United States government against action to increase these tariffs, will the minister inform the house of the definitive steps being taken by the government to protect Canadian interests?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): I received a copy of this question just a few minutes ago. I have already answered a question on this point, I think from the hon. member for Kootenay East. I shall look into it further to see whether anything could be usefully added to what I have already said as to representations being made.

U.S. RESTRICTIONS ON CANADIAN EXPORTS TO COMMUNIST CHINA

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I should like to direct a question to the Acting Minister of Trade and Commerce. Is the minister now prepared to answer the question which was posed on Friday, December 13, respecting shipments to the republic of China? There were two notices of motions then.

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): No. I will have to take that as notice, Mr. Speaker.

WHEAT—REPORTED PURCHASE OF 1,500,000 BUSHELS BY AUSTRALIA

On the orders of the day:

Mr. Louis Lewry (Moose Jaw-Lake Centre): Mr. Speaker, on Saturday the Acting Minister of Trade and Commerce took as notice a question regarding the possible export of Canadian wheat to Australia. Can the minister now say that negotiations have been concluded with Australia, or at what stage negotiations are; or can the minister say how much wheat may be exported to Australia in this regard?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): The answer is that I have no further information on this than I had the other day, Mr. Speaker.

[Mr. Herridge.]

HARBOURS

CHURCHILL—EXPANSION OF WHARFAGE FACILITIES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of Transport. In view of the increased use of the Hudson bay route, is the government considering expansion of the wharfage facilities which it is reported limit the use of the port of Churchill?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. I might, first of all, say that berthage space at Churchill was enlarged this year to accommodate coastal vessels at a cost of approximately a quarter of a million dollars, and I am advised by the national harbours board that during the past season the facilities were quite adequate to accommodate the traffic.

Any future development of the port will be made known in the usual way through submission by the government of recommendations to parliament.

SOCIAL SECURITY

ANNOUNCEMENT OF SIGNING OF FEDERAL-PROVINCIAL AGREEMENTS

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, on Saturday last the hon. members for Burnaby-Coquitlam and Shelburne-Yarmouth-Clare raised the matter as to which provinces had signed agreements with the federal government to provide for the recent increases in old age assistance benefits. I am now in a position to give the house the following information.

Seven provinces have signed agreements, effective November 1, 1957, with the federal government in connection with increases in benefits provided not only under the Old Age Assistance Act but also under the Blind Persons Act and the Disabled Persons Act. These provinces are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia. I have been informed that four of these seven provinces—New Brunswick, Ontario, Manitoba and Saskatchewan—actually paid the increased benefits in November. Another, Nova Scotia, apparently provided the increases in some cases, but the majority will be paid later with effect, of course, from November 1. I might point out that since these three programs are administered by the provinces, the latter have the responsibility for deciding when the increases are actually implemented.

As far as the remaining provinces are concerned, my department has received a verbal communication from the province of Quebec indicating its intention to share in the increased payments under these programs, and Newfoundland has also telegraphed its agreement. We have as yet received no communication from Prince Edward Island in this regard.

HOUSING

ST. JOHN'S, NFLD.—INQUIRY AS TO COMMENCEMENT OF FEDERAL-PROVINCIAL PROJECTS

On the orders of the day:

Mr. J. A. McGrath (St. John's East): I should like to direct a question to the Minister of Public Works, of which I have given him notice. Can the minister tell us what is the cause of the delay in proceeding with the federal-provincial housing projects announced several years ago for the city of St. John's? The second part of my question, sir, is: can the minister inform the house when a start is likely to be made with these projects?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I should like to thank the hon. member for giving me notice of his question. There are two projects in mind for the city of St. John's.

One project consists of 46 subsidized housing units, which is to be built on land in the central area of the city which has been cleared with the aid of a federal grant of $15,000 under section 23 of the National Housing Act. The site is part of a larger area which has been earmarked for redevelopment.

The other project consists of approximately 155 subsidized rental housing units. Tenders were called late in 1956. One bid only was received. It was rejected, as it was too high in relation to the original estimate. Ever since that time further proceeding with respect to those two projects has been withheld at the request of the government of Newfoundland.

WINDSOR—REQUEST FOR HALT TO EVICTIONS FROM C.M.H.C. HOUSES

On the orders of the day:

Mr. Speaker: I will hear the hon. member for Essex West now. I just wanted to have an interval in order to make it clear that an hon. member could not stake out a claim for a second question by mentioning it when he was asking his first one.

Mr. D. F. Brown (Essex West): May I direct a question to the Minister of Public Works. In doing so, may I commend the Minister of Justice for this very laudable attitude of representing—

Some hon. Members: Question.

Mr. Brown (Essex West): If hon. members do not want me to compliment the Minister of Justice, Mr. Speaker, that is quite all right. I wished to commend the Minister of Justice for his farsightedness in representing all of Canada. Now may I ask the Minister of Public Works if he will recommend to Central Mortgage and Housing Corporation that similar assurances be given to the tenants of Central Mortgage and Housing Corporation in the Windsor area that they will not be dispossessed because of unemployment?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, last week some of the members of the cabinet had the privilege of meeting with Mayor Patrick of Windsor and the mayors and reeves of other municipalities in the Windsor metropolitan area. In the course of that meeting His Worship pointed out to me that there was some question of eviction actions being taken by Central Mortgage and Housing Corporation in Windsor. I promised him that the matter would be looked into at once, and that if any such actions were being taken, they would be stopped. That was done last week.

MANITOBA—REQUEST FOR HOUSE CONSTRUCTION ON INDIAN RESERVES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): May I direct a question to the Acting Minister of Citizenship and Immigration. In view of the urgent need for suitable houses on Indian reserves in the province of Manitoba, is the minister prepared to recommend a winter program for the construction of suitable houses on Indian reserves as part of the winter employment program referred to by the Minister of Labour?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Mr. Speaker, on the basis of my recollection we do have provision for a house construction program in the estimates, and I believe a portion is allocated to Manitoba. It was not, I believe, conceived as a special winter program, but I am very grateful to the hon. member for his suggestion and will certainly take it up at once with the officials of the department.

Inquiries of the Ministry

BRIDGES

CAMPBELLTON-CROSS POINT—ANNOUNCEMENT OF AGREEMENT FOR CONSTRUCTION

On the orders of the day:

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, may I address a question to the Minister of Public Works. Would the minister inform the house if the government of the province of Quebec has now joined with the government of the province of New Brunswick in accepting in writing this government's proposal to build the Campbellton-Cross Point bridge?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the hon. member has been a very persistent advocate of action in connection with the Campbellton-Cross Point bridge, and I am very pleased to tell him today that the province of Quebec has now agreed to co-operate with the province of New Brunswick and with the federal government in order that this bridge may be built.

TRANSPORT

INQUIRY AS TO CURRENT SHIPBUILDING PROGRAM

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I would like to address a question to the Minister of Transport, a copy of which was sent to him yesterday. Could the minister advise the house as to any proposed shipbuilding program presently planned by the Department of Transport, and as to when such a program will become operative?

An hon. Member: Order paper.

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for having given me notice yesterday of his intention to ask this question, and I have the following reply:

Early in January we are going to call for tenders for the construction of six ships totalling in cost approximately $10 million. These will be as follows: A supply and buoy vessel, also fitted to carry out search and rescue work, for use on the west coast. A supply and buoy vessel, also designed for icebreaking, to be used on the Atlantic coast, gulf of St. Lawrence, northern and other waters where necessary.

Two supply and buoy vessels to replace existing ships at present on duty in the maritimes. A lightship for the St. Lawrence river. A work vessel and tug for use by the St. Lawrence ship channel division.

In addition to the foregoing new construction, the Department of Transport will also call for tenders early in January for the conversion of two L.C.T.8's to fit them for the transportation and handling of dry cargo and bulk fuel for the Foxe basin D.E.W. line sites. At present one of these vessels is in the maritimes and the other on the St. Lawrence. The approximate cost of converting these two vessels is expected to be about $1 million. Also, about the end of the first week in February my department will call for tenders for the construction of a small ferry to operate between Pelee island and the mainland.

I should like to add that the labour content of these projects I have just listed is approximately 3½ million man hours for Canadian workers. Contracts should be let about five to six weeks after tender calls, that is during February, for all but one of these vessels, and orders for materials and other work placed immediately thereafter. In placing contracts, account will be taken of the desirability of spreading this work among various shipyards, and of the promptness with which the work can be undertaken by the various shipyards so as to assist winter employment.

Mr. Maurice Bourget (Levis): May I ask a supplementary question. Following the explanation given by the Minister of Transport, could he tell the house that the same program was prepared, as were the plans, by the previous government?

Mr. Hees: If there is any credit due to the previous government I would be very glad to give it.

Mr. Bourget: Why did you not say so?

Mr. Hees: I think the important thing to all hon. members of this house and to the workingmen of this country is that the program is going ahead now.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I would like, if I might, to ask the minister a supplementary question. Is it proposed that the government of Canada should operate the ferry between Pelee island and the mainland?

Mr. Hees: Mr. Speaker, the present plans are that we will call for tenders for an operator of the ferry.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, may I direct a supplementary question to the Minister of Transport arising out of his statement about a ship being constructed for use on the Atlantic seaboard and northern waters. Will this ship be employed to service bell buoys and light and whistle buoys in Newfoundland waters, or is the construction of another ship being contemplated for that service?

Mr. Hees: Mr. Speaker, if the hon. member would speak to me afterwards I will give him the full details as to what these various ships are going to do.

IRON ORE COMPANY—STATEMENT ON DIRECTIVE RESPECTING OFFICIAL LANGUAGE FOR RAILWAY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Saturday the hon. member for Saguenay asked if the Minister of Transport had approved a directive given by the Iron Ore Company of Canada to the effect that English will be the only official language used for railway operation on the railway between Seven Islands and Schefferville.

The answer, Mr. Speaker, is no. The Quebec, North Shore and Labrador Railway comes under the jurisdiction of the board of transport commissioners and consequently is subject to any regulations laid down by the board under the provisions of the Railway Act as enacted by parliament. I am advised that the board has, on the application of the company, approved the use of the uniform code of operating rules. This is the rule book used by the major railways all across the country ever since there has been uniformity in railway operation in Canada.

ST. BONIFACE, MAN.—REFERENCE TO ACCIDENT AT LEVEL CROSSING

On the orders of the day:

Mr. Louis Deniset (St. Boniface): Mr. Speaker, I should like to direct a question to the Minister of Transport of which I believe he has already received notice. It has to do with a railway line crossing the Windsor park community in the city of St. Boniface, Manitoba. Having regard to the near catastrophic accident which occurred at a level crossing on this railway line last Friday, the 13th, would the minister give the assurance that he will use his influence with the board of transport commissioners in order that they may make the necessary regulations to try to avoid similar or even worse accidents?

Mr. Speaker: If the minister wants to deal with the question I will resume my seat, but it strikes me as being out of order to ask the government to try to influence the board of transport commissioners, who have the responsibility for dealing with this matter.

[*Later:*]

Mr. Deniset: Mr. Speaker, with reference to the question I asked a minute ago, could I simply ask the minister if he will look into the matter?

Mr. Speaker: Orders of the day.

Inquiries of the Ministry

ATOMIC ENERGY

REPORTED REQUEST FROM UNITED KINGDOM FOR CONSENT TO PUBLISH INFORMATION

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have a question to be directed to the Acting Prime Minister, of which I gave him notice. Can the minister tell the house if the government has received a request from the government of the United Kingdom for consent, under the tripartite agreement on the peaceful uses of atomic energy, to the publication of information regarding the recent successful laboratory experiments at Harwell in controlled fusion explosions of hydrogen? If so, what was the response of the Canadian government?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I should like to thank the hon. member for sending me notice of this question. The Canadian government has not received any such request from the government of the United Kingdom. Accordingly, the second part of the question is not applicable.

PRAIRIE FARM REHABILITATION

INQUIRY AS TO EXTENSION OF LEGISLATION TO BRITISH COLUMBIA

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. What consideration, if any, has been given to applying the provisions of the Prairie Farm Rehabilitation Act to the province of British Columbia?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, the P.F.R.A. did do some work in British Columbia in years past. It was discontinued something over a year ago, I believe, and no consideration has been given to re-entering the field as far as the P.F.R.A. is concerned in British Columbia.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the government through the house leader. I should like to know if the government would not speed up the answers to questions now on the

order paper. I am informed that there are some 47 questions that remain unanswered. There are as of today five starred questions that are unanswered, and I am sure there are a number of orders for returns that have not yet been tabled. I think it is customary in the last days before the adjournment for the Christmas recess to ask the government to speed up answers to questions so that hon. members may have the requested information during the recess. I wonder whether or not the house leader would give consideration to this question.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I strongly suspect that hon. members will be busy with other occupations during the Christmas recess and will not be studying these answers to questions. However, we will be glad to bring down just as many as we can. I would point out that there have been 297 questions asked on the order paper, and if only 47 remain unanswered we have answered 250. That is not too bad.

PUBLIC SERVICE

REQUEST THAT BOXING DAY BE MADE ADDITIONAL HOLIDAY

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask a question of the Secretary of State. In view of the fact that British Columbia and many other provincial civil servants and hundreds of thousands of other workers have a holiday on December 26, Boxing day, will the government consider granting this holiday to federal civil servants as well?

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, as the hon. member is probably aware the half day before Christmas and the half day before New Year's have already been granted as half holidays for federal civil servants. Subsequent to that announcement being made a letter came to my desk requesting that Boxing day be made a holiday. Since this would probably have involved recalling the two half days it was thought it was a late date at which to consider the matter for this year. Whether or not any other representations have been made to the civil service commission I could not say at this moment, but it is my opinion that time does not permit of changing the policy for this year.

Mr. McIlraith: You had better change your opinion quickly.

[Mr. Chevrier.]

ST. LAWRENCE SEAWAY

STATEMENT AS TO EFFECT OF IMPOSITION OF TOLLS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Friday last the hon. member for Welland asked the following question:

> Would the government give consideration to making a proper survey of the effect on our Canadian economy of the proposed tolls on the St. Lawrence seaway? I ask this question having in mind that the tolls set should have no discriminatory effect against Canada or any industry in Canada.

In reply I can assure the hon. member that a desire to achieve the objectives he has mentioned in his question is the very reason why the present committee which is dealing with the seaway tolls is making a very intensive investigation of all aspects of this matter. The members of this committee are fully cognizant of the necessity of having a toll structure which is not discriminatory against Canada or any industry in Canada, and which takes full account of the effect of the proposed tolls on the Canadian economy.

PIPE LINES

TRANS-CANADA PIPE LINES—STATEMENT AS TO SAFETY PRECAUTIONS DURING TESTING

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to reply to an inquiry directed to the Acting Minister of Trade and Commerce on Saturday by the hon. member for Port Arthur as to safety precautions observed during the testing of the Trans-Canada pipe line.

The board of transport commissioners advise that the testing on the Trans-Canada pipe line is made in accordance with section 8 of the American standard code of pressure piping, which requires that during tests suitable steps shall be taken to keep persons not working on the testing operations out of the testing area, and the Trans-Canada Pipe Lines company had adopted the policy of sending their land men ahead of the testing to warn all residents immediately adjacent to the line that they are testing. In cases where people are considered to be living too close to the pipe line for safety the company insists that these people move out until the test has been completed, and pays all bills in connection with their moving.

AGRICULTURE

REQUEST FOR REFERENCE OF PRICE SUPPORT LEGISLATION TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Can the minister say whether since his reply to me on Saturday he has now received representations from farm organizations asking that Bill No. 237 be referred to the agriculture committee? Is the minister prepared to reverse his decision and have the bill referred to that committee after second reading?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have received two or three telegrams along that line, but I am not prepared to reverse my decision in regard to referring the matter to the agriculture committee.

[*Later:*]

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, my question is directed to the Minister of Agriculture. It arises out of his answer to the hon. member for Assiniboia that he would not consider sending Bill No. 237 to the agriculture committee. In view of the violent reaction against the bill by farm organizations, would the minister consider withdrawing the bill from the order paper, revamping it to meet the requests of the farm organizations, and reintroducing it after the holiday season?

Mr. Harkness: Mr. Speaker, I am not aware of this violent reaction about which the hon. member speaks. It is true that I have had a few telegrams in connection with the bill, but if any action is necessary with regard to revamping the bill I think it can be taken without the necessity of leaving it until the new year.

Mr. Argue: I have a supplementary question.

Mr. Speaker: Order. I was just about to say that the question asked with respect to the bill and the supplementary question both appear to me to be out of order. I would ask hon. members not to ask further questions about the bill, as it will be the subject of debate shortly and they will have ample opportunity to say what they like about it at that time. There seem to be a great many people who want information on other matters today.

MAPLE SYRUP—REQUEST FOR APPLICATION OF SUPPORT PRICE

On the orders of the day:

Mr. Raoul Poulin (Beauce): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the minister received a request from l'union catholique des cultivateurs de Quebec, or any other organization, asking that a support price be applied to maple syrup?

Hon. D. S. Harkness (Minister of Agriculture): I should like to thank the hon. member for giving me notice of this question. As a result I was able to have my files searched, but I could find no written communication requesting this action, and I do not recall any having been made verbally.

INQUIRY RE STATUS OF SENATE COMMITTEE ON LAND USE

On the orders of the day:

Mr. Ovide Laflamme (Bellechasse): Thank you, Mr. Speaker, for recognizing me; I have been attempting for half an hour to rise and address a question. I wish to direct my question to the Minister of Agriculture. Could the minister tell the house if the important special committee of the Senate on land use established by the former government will continue to function?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I will take that question as notice and give an answer tomorrow or the next day.

FISHERIES

NOVA SCOTIA—STATEMENT ON ASSISTANCE TO FISHERMEN FOLLOWING STORM LOSS

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, on Thursday, December 5, the hon. member for Shelburne-Yarmouth-Clare asked a question regarding possible action by the government to assist fishermen who have suffered severe storm damage to their lobster traps. I apologize to the hon. member for straining his patience to this extent and for the long delay in answering, but I think he will understand that some inquiry had to be made on the spot, and that takes time.

Officials of the department have investigated the situation locally and reported the estimated extent of the damage to me. As hon. members are aware, this is a recurring problem and these fishermen have the opportunity of insuring their traps against storm damage under the fishermen's indemnity plan. It is reported that 172 fishermen, representing approximately 18 per cent of the total in the affected area, had taken

out this insurance. These fishermen are now making claims which will be given immediate attention. In general, losses appear to have averaged some 30 per cent of traps set, although there has been great variation in this average figure. It is also reported that most fishermen have additional traps which were not in the water when the storms occurred. Thus they will be able to carry on fishing despite their losses.

In view of all these facts the government does not consider it necessary to take special action at this time. Any fisherman wishing to protect himself against future possible losses may take advantage of the insurance offered under the indemnity plan. I might add that no request for such action has been received by the department.

CRIMINAL LAW

CRIMINAL CODE—AMENDMENT TO CLARIFY INTERPRETATION OF "OBSCENE"

On the orders of the day:

Mr. Benoit Chabot (Kamouraska): I should like to direct a question to the Minister of Justice. Is it the intention of the minister to amend section 150 of the Criminal Code so the definition of the word "obscene" will be more precise, clearer and more definite?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I thank the hon. gentleman for his courtesy in giving me notice of his question. I replied to a similar question on October 18, as reported at pages 125 and 126 of *Hansard* of that date; but since that reply I can say now that the Department of Justice is giving serious consideration to this question, along with consideration it is giving to a number of proposals that have been made for amendments to other sections of the Criminal Code.

It is not possible to introduce a bill to amend the Criminal Code at this session of parliament. It may be possible to introduce such a bill at the next session. I can assure the hon. member that when such a bill is introduced it will contain any amendments that appear to be necessary to improve the effectiveness of section 150 of the code in preventing the publication, distribution and circulation of obscene literature.

It may be that at that time it will be found desirable to set out in the Criminal Code a new definition of the word "obscene". However, that question can only be determined in conjunction with all the facts that are being considered in connection with other proposals we have received and that have as their objective the making more effective of all the legislation we have dealing with obscene literature.

[Mr. MacLean.]

HIGHWAYS

STEWART-CASSIAR, B.C.—INQUIRY AS TO DOMINION-PROVINCIAL AGREEMENT

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Has any firm agreement yet been reached between the government of Canada and the government of the province of British Columbia for the construction of the Cassiar-Stewart road?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the Minister of Public Works handed me this notice when I came into the house. I have to speak from memory, but I think it is accurate. There has been no firm agreement signed yet. The minister of mines of British Columbia wrote me near the end of October suggesting four amendments to the agreement, and I wrote back in the first week of November assenting to two of them, I think, and demurring on two others, and that is the last I have heard of it.

POWER

BRITISH COLUMBIA—INQUIRY AS TO EXPLORATION OF POSSIBLE SITES

On the orders of the day:

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources, of which he has been given notice. Is his department considering or exploring possible sites for the development of power in British Columbia other than on the Columbia river?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. member for giving me notice of this question. The answer is yes.

COLUMBIA RIVER—DOMINION-PROVINCIAL AGREEMENT ON COST OF DAM

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I have a supplementary question for the minister. Has the present government indicated to the province of British Columbia that it is prepared to enter into an agreement on sharing costs with that province in respect of the building of a dam on the Columbia river?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I can refer to Her Majesty's speech from the throne on October 14. The following statement was included:

My ministers are pressing for a favourable settlement of international problems in connection with

the Columbia river to clear the way for a joint program with the province of British Columbia to develop the immense power in the waters of this river.

I think this statement was ample indication that this government was prepared to consider a joint program with the province of British Columbia. The aid could presumably be financial or otherwise, dependent upon the wishes yet to be made known by British Columbia.

NOVA SCOTIA—POTENTIAL SITES FOR THERMAL PLANTS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources or to the Minister of Mines and Technical Surveys. I am sorry I have not been able to send them notice, and they may wish to take this as notice. Were the Inverness coal fields overlooked in a survey of potential sites for maritime thermal power development? If so, will the minister take steps to rectify this oversight?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I will have to take the question as notice and look up the report to see if that field was overlooked.

SHIPPING

GROUNDING OF C.G.S. "BAFFIN"—REQUEST FOR PUBLIC INQUIRY

On the orders of the day:

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): Mr. Speaker, I should like to direct a question to the Minister of Transport. Has he received a communication from the Halifax master mariners club saying that in their opinion the published reports on the grounding of C.G.S. *Baffin* have cast rather serious aspersions on the master mariners of our area? If so, is he willing to do now what they are asking, and what I asked him on November 20 last, namely have an investigation or inquiry made under the Canada Shipping Act?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am afraid I have not received any such communication.

Mr. Kirk: May I ask the minister whether he will take note of the second part of my question and have an investigation made under the Canada Shipping Act?

Mr. Hees: Mr. Speaker, I will look into the matter.

COASTAL TRADE—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, the Minister of Transport seems to be in an even more friendly mood today than usual, and I should like to ask him if he is in a position to give the house any further information with respect to when we may expect that the report of the royal commission on coastal trade will be available for our study.

Hon. George H. Hees (Minister of Transport): No, I am afraid I do not know.

HEALTH INSURANCE

INQUIRY AS TO PROGRESS IN CONCLUDING AGREEMENTS WITH PROVINCES

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of National Health and Welfare if, as a result of the conference which I understand was held last week in his department with officials of the departments of health of the various provinces, the minister is in a position to say when we may anticipate some announcement from him with regard to progress being made in concluding agreements with any one of the six consenting provinces respecting hospital insurance?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, great progress was made last week at this technical conference. All I can say at the moment is that the conference is being followed up by further communication.

Mr. Martin (Essex East): Can the minister say whether or not as a result of that conference there is to be a conference of ministers before the reconvening of the dominion-provincial conference, which I understand is anticipated some time in the new year?

Mr. Monteith: No, I cannot say; not necessarily.

[*Later:*]

AMENDMENT OF LEGISLATION—MENTAL AND TUBERCULAR PATIENTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask the Minister of National Health and Welfare a supplementary question. Can he say whether, as a result of the conference held last week to which reference has already been made, he anticipates that legislation amending the Hospital

Insurance and Diagnostic Services Act will be presented to parliament at this session?

Hon. J. W. Monteith (Minister of National Health and Welfare): Only as intimated by the Prime Minister, Mr. Speaker, to the effect that the six provinces provision will be withdrawn.

Mr. Knowles (Winnipeg North Centre): Are discussions under way with the six agreeing provinces or any others concerning the inclusion of mental and tubercular hospitals under the act?

Mr. Monteith: There have been no further discussions other than what took place at the dominion-provincial conference.

Hon. Paul Martin (Essex East): Mr. Speaker, in view of the importance of the matter may I ask the Minister of National Health and Welfare if we are correct in assuming that the only amendment to the Hospital Insurance and Diagnostic Services Act contemplated by the government is that with regard to the provision of payment where six provinces have schemes in force? Is that the only amendment the government has in mind?

Mr. Monteith: Aside from this matter being government policy, Mr. Speaker, it is the only amendment concerning which we have given definite notice of action.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO REIMBURSEMENT BY GOVERNMENT OF COURT AWARD

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Is the government prepared to reimburse the C.B.C. for the $3,000 damages awarded Dr. Robbins for the C.B.C. television broadcast in February, 1956?

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, the C.B.C. operates within its own budget out of moneys allocated to it by parliament plus commercial revenues, and I am sure they will make such allocation of those funds as they see fit.

Mr. Speaker: That seems to be a proper question to bring up on the estimates rather than at this time.

[Mr. Knowles (Winnipeg North Centre).]

AIRPORTS

QUEBEC—REFERENCE TO INAUGURATION BY SPEAKER OF SENATE

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, I want to direct a question to the Minister of Transport. In view of the declaration made at the inauguration of the airport at Quebec by the Speaker of the Senate, does the minister think the airport building, which of course is under the control of his department, is a consequence of Mr. Duplessis' policy?

Mr. Marler: Collaboration raises its ugly head.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, that question sounds like one I will have to take as notice. I will try to work out an answer for the hon. member.

PUBLIC WORKS

NEWFOUNDLAND—REQUEST FOR CONSTRUCTION OF PROTECTION PROJECT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Minister of Fisheries if he has received a petition from the fishermen of Musgrave Harbour, Doting Cove, Ragged Harbour, Ladle Cove and Aspen Cove urging construction of a work which would provide urgently needed employment and at the same time be beneficial to the fishermen?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, if such a petition has arrived it has not been brought to my attention yet. It may have arrived recently.

Mr. Pickersgill: Would the minister give it careful consideration if it has?

Mr. MacLean: I certainly will because, where it is in my power to do so, I am very interested in providing employment for people who may be unemployed in Newfoundland.

Mr. Pickersgill: I thank the minister.

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO INCREASE TOTAL OUTSTANDING LIABILITY

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce) moved the third reading of Bill No. 199, respecting the Export Credits Insurance Act.

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

NATIONAL HOUSING ACT

AMENDMENTS RESPECTING AGGREGATE AMOUNT AVAILABLE, DOWN PAYMENTS, ETC.

The house resumed, from Wednesday, December 4, consideration in committee of the following resolution—Mr. Green—Mr. Courtemanche in the chair:

That it is expedient to introduce a measure to amend the National Housing Act, 1954 to increase from two hundred and fifty million dollars to four hundred million dollars the aggregate amount that may be paid out of the consolidated revenue fund under subsection 1 of section 22 of the act; and also to provide for the reduction of down payments.

Mr. Green: When this resolution was before the committee on December 4 I gave certain figures with regard to the amount of loans which had been approved under the agency loan plan. These figures will be found at page 1879 of *Hansard*. I thought it might be helpful if I brought those figures up to date today before hon. members deal with the resolution.

As of December 13 the total loans approved numbered 11,951, covering 15,456 units. The total amount was $146,072,339. In addition there were potential commitments—this is as of four days ago—amounting to $21,740,000, making a total of $167,812,339. The starts under the agency loan plan as of December 13 were as follows: British Columbia, 288; Alberta, 1,265; Saskatchewan, 258; Manitoba, 349; Ontario, 4,701; Quebec, 1,269; New Brunswick, 80; Nova Scotia, 110; Newfoundland, 10, or a total of 8,330. The branch offices report that construction is starting as quickly as possible after approval and that cancellations are likely to be few in number.

I have figures also by way of comparison of the results under this agency loan plan and under the insured loan plan, which is the normal National Housing Act procedure, for the third quarter of 1957. These figures are as follows. For insured loans, third quarter of 1957, the average income of the borrower was $5,943; the average income under the agency loan plan is $5,003, a decrease of 15.8 per cent. The average down payment under the insured loan plan in the third quarter of 1957 was $3,921; under the agency loan plan it has been $2,548, a decrease of 35 per cent. The average amount of loan under the insured loan, third quarter of this year, was $10,913; the average amount under the agency loan plan was $9,875, a decrease of 9.5 per cent. The average dwelling cost under the insured loan was $14,615 and under the agency loan $12,423, a decrease of 15 per cent.

Mr. Marler: Mr. Chairman, I should like to begin my remarks by complimenting the minister upon the lucidity of the explanation he gave the other night when this resolution was first considered by this committee. I thought he explained very clearly the objects he had in mind, and no doubt because he was anxious to have the resolution adopted with the minimum of debate he avoided repeating the more controversial statements he made earlier in this session in reply to questions on orders of the day.

I want also to thank him for the generous and complimentary references to his predecessor, Hon. Robert H. Winters. We in the official opposition, and particularly those of us who were associated with Mr. Winters in the previous government, know how sincerely interested he was in the whole question of housing and how fully he devoted his effort and attention to this problem. I believe that some of the statistics to which I should like to refer presently are an eloquent testimonial to the success of the policies for which Mr. Winters was responsible.

I should like to say also to the minister through you, Mr. Chairman, how much the members of the official opposition appreciated having an opportunity of discussing the question of housing with Dr. Bates of Central Mortgage and Housing Corporation and two of his officials. They were good enough to answer many questions which were put to them and they added materially, I think, and I might also say in a very kindly way, to the sum of our knowledge on this subject.

I now come to the resolution before this committee, Mr. Chairman, which hon. members will recall first appeared in *Votes and Proceedings* on November 25. This, of course, was the first official intimation the members of this committee had of the intention of the government to introduce amendments to the National Housing Act. I should like to point out, however, that the Solicitor General had, as early as November 8, publicly announced outside this house the government's decision to present a bill to encourage the building of new houses. Having for so long listened to Conservative members who claimed that under the last government the rights of parliament were being ignored, and recalling the numerous Conservative promises to restore parliament to its former greatness, I can only say now that I am much surprised that the first announcement of this legislation was made, not in the speech from the throne, not in *Votes and Proceedings*, but in an address made in Montreal nearly three weeks before this resolution appeared on the order paper.

The words the Solicitor General used on that occasion are not without interest. I shall read from *Le Devoir* of November 9 an extract from the report of his speech. Here is what he is reported as having said, and

as it is in French, but I shall translate it so the minister will fully appreciate the significance of his colleague's remarks:

(*Translation*):

The hon. Minister of Public Works is shortly to introduce a bill which, according to the Hon. Mr. Balcer, will promote home building. The Minister of Finance, on his part, is said to have in mind another bill which would settle the matter of interest rate and facilitate the borrowing of money.

(*Text*):

As there is no simultaneous translation, Mr. Chairman, I shall translate his words as follows:

The Minister of Public Works will shortly present a bill which—according to the Hon. Balcer—will encourage the building of houses.

I point out to the Minister of Public Works that his colleague was just about three weeks ahead of him in making this news public. But then, Mr. Chairman while that is what the Solicitor General said of the measure now under consideration, he also continued as follows:

The Minister of Finance, on his part, has in mind another bill which would settle the question of the rate of interest and facilitate the borrowing of money.

This last item is a most interesting bit of news, and as the matter is very closely related to the subject of this resolution on housing, I hope the Minister of Public Works, before this debate is concluded, will advise the committee more fully as to the project announced by the Solicitor General on the occasion to which I have just referred. The minister himself, in his explanation of the purposes of this resolution, said nothing either with regard to the rate of interest or with regard to any further legislation to facilitate the borrowing of money.

The presentation of this resolution affords an opportunity for a review of what has been accomplished under the legislation which it is now proposed to amend. I feel that for this purpose I should go back to the time when the National Housing Act was adopted in 1954. I have no intention of reviewing all that was said at that time but I think I might quote what was then said by Mr. Winters in presenting the resolution on which the National Housing Act was based. As reported at page 998 of *Hansard* for 1953-54 he said this:

The main object of the legislation is to broaden the supply of mortgage money by making that form of investment more attractive, increasing the number of lenders and making more funds available for mortgage lending.

Before coming to examine the extent to which this object has been achieved I should like to remind hon. members of the fact that mortgage lending in Canada has always suffered from a peculiar disability. I may add that I speak of the matter in the light of some personal experience, having been closely connected with mortgage lending in Montreal during the approximately 30 years I practised law before becoming a member of this parliament.

The peculiar disability to which I have just referred is that in good times industry, using the term in the broadest sense of the word, competes actively for the investor's capital and offers a more negotiable security than a mortgage on a house, while in bad times builders are not anxious to undertake the construction of large numbers of houses, buyers are scarcer and the demand for mortgage money falls off. It is in the light of this competition for the investor's dollar that we may now take a look at what took place after the National Housing Act came into operation early in 1954.

Hon. members will recall that under the former legislation it was the practice for joint loans to be made by the lending institutions and C.M.H.C., that is to say the major part of the funds were advanced by the lending institutions and only a smaller part by C.M.H.C. itself. Upon the introduction of the new act joint loans were abandoned, and a plan under which Central Mortgage and Housing Corporation would insure the mortgage loans made under the act by the lending institutions was substituted for it. In this way a National Housing Act mortgage was made more attractive as a form of investment, more secure and incidentally more easily negotiable.

Moreover, by adding the chartered banks to the list of approved lenders not only was the number of lenders significantly increased, but a substantial volume of additional funds was made available for mortgage lending.

I think most objective people would fully agree that the main object stated by the former minister has been achieved during the period which has elapsed since the act came into operation, because it is a fact that in that period both the volume of new residential construction and the amount of mortgage lending on new housing have attained unprecedently high levels. Up to the end of 1952 the number of new dwellings started in any one year had only once exceeded 90,000 units. That was in 1950. It was only in 1953 that for the first time the total of new dwellings started exceeding 100,000.

In that year, commitments by lending institutions to make mortgage loans also attained a new high level. Conventional mortgage loans amounted to about $119 million, while loans under the previous National Housing Act amounted to about $314 million, making a rather impressive total of approximately $433 million in all.

Though 1953 was a record year both as to the number of new dwellings started and as to the amount of mortgage commitments made, higher levels were attained in each of the succeeding years 1954, 1955 and 1956 under the housing legislation adopted early in 1954. Thus, according to "Canadian Housing Statistics", published by C.M.H.C., new units were started as follows: in 1954, 113,527; in 1955, 138,276; and in 1956, 127,311. Mortgage commitments were as follows: in 1954, $670.6 million which, Mr. Chairman, I would point out, includes some carry-over from the former practice of making joint loans; 1955, in which the total was $892.4 million or more than twice the record established in 1953, and in 1956 the total reached some $700.1 million.

It does seem to be a fact that the 1954 legislation gave a positive stimulus to the building of new homes. There was a substantial increase in the number of homes financed by means of conventional mortgages but an even greater increase in the number of new homes financed under the new National Housing Act. It is a fact that in 1955, the best year we have known so far, when more than 138,000 new dwelling units were started, over 65,000 were financed under the new legislation.

So that in the circumstances it seems reasonable to point out that the principal purpose of the new legislation to increase the number of houses built each year was fully attained in the three years in question.

I know, of course, that the number of dwellings started in 1957 is below the corresponding period of 1956 and even less than the number started in the peak year of 1955. But I suggest that if a tendency had not developed to look on 1955 and 1956 as normal years for residential construction, the number of starts in this year 1957 would be regarded as fairly satisfactory. It seems abundantly clear that the number would have been larger if there had not been such a strong demand from other borrowers.

But I might say that it was not so very long ago that a good number of people in Canada were wondering whether a continuation of the intensive activity in the building of new homes such as existed in 1955 would not bring about a serious inflation of building costs and indeed of the other costs associated with the building of new homes. I cannot help thinking that the slowing down in 1957 of the building of new homes, though it may have brought hardship in some quarters, will be considered by fair-minded people as a good thing both for builders and for home owners. There has been a period of consolidation which made it possible for home owners who wished to sell their homes to do so on not unsatisfactory terms, and for the development of a more substantial and solid demand for new housing units as they were built.

As I said a moment ago, another purpose of the new legislation was to increase the flow of mortgage funds by widening the group of approved lenders under the act. That this purpose has been fully achieved is demonstrated by the significant contribution that has been made by the chartered banks to the financing of new residential construction. The statistics as to mortgage lending published by Central Mortgage and Housing Corporation show that in the period from 1954 to 1956 the banks approved mortgage loans to an aggregate amount of nearly $650 million, to finance the construction of some 67,230 dwelling units. I understand, moreover, that in the current year, the banks are fully carrying out the commitment to lend $150 million to which the former minister of public works referred in the House of Commons early in the present year.

I appreciate, just as do other hon. members, that this is a lower rate of lending than prevailed in 1954 and 1955 when the banks started in this field of investment, but whatever may be the amounts currently being loaned by the banks, even the short experience that the last few years have provided has amply demonstrated the wisdom of authorizing and encouraging the banks to make insured loans under the act and to put at the service of prospective home owners the extensive facilities which the banks have in many centres large and small across Canada.

Mr. Chairman, I do not want to overlook the fact that we are at this moment more directly concerned with the question of the amount that may be advanced to Central Mortgage and Housing Corporation under subsection 1 of section 22 of the act, because this is one of the two objectives of this resolution before the committee. The present authority contained in the act places a limit of $250 million on the amount of these advances, and it is of course the moneys advanced under this authority that are used by Central Mortgage and Housing Corporation to make loans under the National Housing Act when it considers it expedient to do so.

In connection with these loans made by Central Mortgage and Housing Corporation under section 22 of the act it is interesting to note that in the three years 1954, 1955 and 1956, through loans made under the National Housing Act by lending institutions amounted to more than $1,500 million. Central

Mortgage and Housing Corporation itself loaned less than $65 million. In other words in that period, in which new high levels of home building were established, the financing of the construction of new dwellings was left almost entirely to the lending institutions, that is to say to the life insurance companies, the trust, loan and other companies, and the chartered banks, and they provided a record volume of mortgage money.

Now, in the first half of 1957, Central Mortgage and Housing Corporation has played a more active part in mortgage lending, and I understand that as of July 1 about $100 million of the amount authorized by the act had been committed. Since the present governnment has been in office Central Mortgage and Housing Corporation has given further commitments for an aggregate amount of about $150 million, so that as the minister explained the present authority of $250 million has just about been used up. It is only natural, therefore, that further funds should be placed at the disposal of Central Mortgage and Housing Corporation, and of course the purpose of the resolution is to place at its disposal a further amount of $150 million.

Mr. Chairman, to this proposal the official opposition has no objection, because it is obvious that Central Mortgage and Housing Corporation must not be left in a position of having no funds available for new construction, and accordingly we shall support the resolution which is designed to make possible the continuation of policies laid down in the National Housing Act, which hon. members will recall, was sponsored by the previous Liberal government.

However, I think I should point out to the present government that it would be very unfortunate if it were to create the impression that it is going to assume the responsibility of providing all the funds that are needed for new housing. This is a responsibility which rests upon other shoulders as well, and I hope the government will not in any way discourage other lenders from actively participating in meeting present needs for housing in the same way as they have done in recent years. In fact I might go even further and suggest to the government that it should, in ways which are open to the government to act, endeavour to persuade the lending institutions that this is a function which properly they should discharge.

Before I leave this subject of increasing by $150 million the funds available for loaning by Central Mortgage and Housing Corporation, I should like to bring to the attention of the minister another comment made by his colleague the Solicitor General. *Le Devoir* of November 9 reports his remarks as follows, and I think I should quote them even if it is necessary to translate them, because I think they are the sort of pearls that should not be lost sight of:

(*Translation*):

> Later, referring to the $150 million recently placed at the disposal of the Central Mortgage and Housing Corporation, the speaker stated that these credits would all soon be used up, because there were only $28 million left by now. He said that this was only a palliative, but that the crux of the matter would soon be settled by appropriate legislation.

(*Text*):

In substance, what the Solicitor General said in speaking of the $150 million which the government had already placed at the disposal of Central Mortgage and Housing Corporation was this was only a palliative, but that the crux of the matter, the fundamental problem, would soon be settled by appropriate legislation. Well, I suppose after hearing the words of his colleague the Minister of Public Works will realize that he is just accomplishing a routine formality in asking us to increase these funds by a matter of $150 million, but I hope before the debate is over he will tell us just what further legislation he has in mind to which the Solicitor General's description of "an immediate palliative" would not be considered to apply.

Mr. Green: You had better ask him.

Mr. Pickersgill: Where is he?

Mr. Marler: Of course if he were in the house I would be delighted to have him explain just what he meant, because it seems to me this suggestion is that what we are doing at the moment is merely to give the poor patient a shot in the arm, but that what we are really going to do is reset all his bones and bring him to life by some other legislative process. I must say this intrigues me enormously and of course, as I indicated earlier, I am also very much intrigued by the thought which the Solicitor General expressed that the Minister of Finance—who unhappily is absent this afternoon for good reasons, as we all know—actually had in mind doing something to bring down interest rates and also to facilitate the borrowing of money.

I know there are many people who would like to acquire the secret knowledge necessary to have this new facility made available, but perhaps the minister will enlighten us, when he speaks further on this subject today, as to what are the broader plans such as were announced by the Solicitor General.

I now come, Mr. Chairman, to the second object of this resolution, the question of the reduction of down payments. This, as the minister has explained, has to be done by

increasing the amount of the loan, and the minister has told us that instead of the loan amounting to 90 per cent of the first $8,000 of the lending value and 70 per cent of the lending value in excess of that $8,000, the amendment will enable borrowers to obtain a loan amounting to 90 per cent of the first $12,000 of lending value, and 70 per cent of the lending value in excess of that amount.

The minister put on *Hansard* a table showing the effect on down payments and the change in the ratio between the loan and the lending value, and it appears from that table that the change will reduce the down payment by $400 in the case of a house having a lending value of $10,000 and by $700 in the case of a house having a lending value of $15,000. We shall not oppose this change in the act which will afford some modest relief although I do not think the relief itself is particularly substantial.

It seems to me that the present difficulty with regard to the down payment does not arise from the way in which the amount of the loan is arrived at under the present provisions of the National Housing Act but from the practices that are being followed by lending institutions in their appraisals of the security. I think the statistics published by Central Mortgage and Housing Corporation fully bear out this contention. If we examine the statistics we find that the total average estimated cost of a one-storey single family dwelling has risen from $12,479 in the first quarter of 1955 to $14,725 in the second quarter of 1957 but during this same period the average loan under the National Housing Act on this type of house has risen, I think, from $10,147 to $10,900. This means that the down payment, that is the difference between the total cost and the amount loaned, has increased in the space of 27 months from $2,332 to $3,825, a jump of nearly $1,500. If I understood correctly the figures which the minister gave earlier this afternoon they would seem to show that this difference between the cost of a single family dwelling financed under the N.H.A. and the amount of the loan is now about $3,925.

I am going to leave those figures because I have not had an opportunity of digesting them but the point I would like to emphasize is that although the cost figures which are given in table 49, which table gives the building costs, are figures submitted by the applicant himself. I fully realize that he may be prone sometimes to exaggerate his costs, but leaving out this factor of understandable exaggeration I would like to say, from my own experience with lending institutions, that ever since the National Housing Act was first adopted they have followed very conservative methods of valuation.

If less conservative methods of valuation were followed and lenders were to bring their appraisals more closely to the actual amount usefully expended by the builder the problem of the down payment would just about disappear. I want to emphasize that I deliberately use the words "the amount usefully expended" because I do not think there is any reason to include in the security expenditures which do not produce value. I contend that useful expenditures do produce value to an amount corresponding to the amount of those expenditures. I would suggest that the lending institutions should take greater note of the actual amount usefully expended in the building of a new dwelling rather than to rely solely on a process of estimation and experience.

Let us look at the case from another aspect. As I said a moment ago, the average estimated total cost of a single family dwelling in the second quarter of 1957 was $14,725 according to table 49. Even on the present loaning basis the loan ought to be $11,907.50 but the statistics show that the average loan is only $10,900; in other words, in the average case the loan is about $1,000 less than it ought to be. Having regard to the fact that the loan is insured under what I think are not ungenerous terms I believe the government would be well advised to examine further into the appraisal being made to see if they are not at the root of our present difficulties with regard to the down payment. I believe that more can be done to reduce the down payment by realistic appraisals than by changing the present ratio between the loan and the lending value.

I see that my time is running out, Mr. Chairman, and there are just two other points to which I should like to draw attention. The first is the phenomenal increase in the cost of land. Table 49 of the Canadian housing statistics for the second quarter of 1957 shows that for a single one-storey dwelling the land cost has increased from $523 in 1947 to $2,273 in the second quarter of 1957. This I think is very disquieting because the factor of the land costs makes home-building so difficult for people of modest resources and adds so much to the cost of the completed unit. I cannot help thinking that this is a factor which ought to receive serious consideration so as to see whether it would not be possible to reduce this element of the total cost and to determine what are the primary causes that make the cost of land such a large element of the total cost of a completed dwelling.

It does seem to me that perhaps land speculation is a cause and another cause may

be the high cost of providing the local improvement services; but whatever may be the cause it is a subject which ought to receive close attention and I would suggest that the fullest inquiry into the matter should be undertaken either by Central Mortgage and Housing Corporation or some other competent body.

The second point I want to mention arises from the facts which appear in table 24 of the housing statistics which gives the range of the borrowers' incomes. The minister in his remarks the other night and indeed again today referred to the average income of borrowers under the National Housing Act and as reported at page 1878 of *Hansard* of December 4 said:

> I was very much surprised to find that the qualifying income for the average National Housing Act loan made by approved lenders in the month of September of this year was $5,350. The average income for borrowers under the National Housing Act was $5,829.

The act and the present regulations undoubtedly encourage to a greater extent the building of homes for borrowers with higher incomes than for borrowers in the lower income brackets. Table 24 which I mentioned just a moment ago shows that of the 149,472 borrowers in the four years 1953 to 1956 inclusive all except 1,391 had incomes of $3,000 or more. In the circumstances, Mr. Chairman, I ask if the time has not come for us to do something more for borrowers with incomes of less than $3,000. I cannot help thinking there would be a great deal to be said for a review both of the present standard of construction and of lending practices in connection with small homes. With such an objective in mind I feel it might be possible to design plans for homes which would be smaller and which would cost less than the average dwelling financed under the National Housing Act. I am convinced that by so doing we would be performing a useful service for a segment of the Canadian population which has perhaps not received as much attention as it deserves.

I fully realize, Mr. Chairman, that the statements I have just made in connection with the appraisals, in connection with the down payment and in connection with doing something for people in the income class under $3,000, might lend themselves to the question, why was this not done before? Well, Mr. Chairman, time does not permit me to deal with that question at all fully, but I think there is a good explanation. The observations that I have made, Mr. Chairman, have not been intended in any sense as being critical of actions of the government. I think it has not had adequate time to accomplish the changes that would have to be brought about to meet with the objectives that I have just outlined, but I do think the suggestions merit consideration.

I know that my time has run out, Mr. Chairman, but I wonder whether I might have one or two minutes more?

Mr. Green: Go ahead.

Mr. Marler: In his remarks on the resolution itself, Mr. Chairman, the minister informed the committee of the intention of the government to amend the present regulations so as to raise the ratio of debt service to the home owners income from 23 per cent to 27 per cent. The 23 per cent, as hon. members will recall, translates into percentage figures the old adage that a man should not pay for his housing more per month than one week's salary. The proposed change would permit a borrower to qualify for home ownership with less income than that. Of course, the wisdom of making the change can only be determined by experience.

I should like to point out, Mr. Chairman, that this does not form part of the resolution and is essentially a matter for which the government alone must accept responsibility. But I hope the minister will note from table 24, to which I referred a moment ago, that the statistics show that the average debt service to income ratio in the six periods which the table covers has never once exceeded 19 per cent. Therefore, it may well be that the change in this figure may not be very significant. I appreciate the danger of arguing from averages; that is, from the general to the specific, and I merely wish to conclude on that point, Mr. Chairman, by saying that this is a matter of government responsibility and we are not called upon to express an opinion on it.

If I might conclude, Mr. Chairman, I would say that we favour the adoption of this resolution but I do hope that the points I have drawn to the attention of the minister, namely the need for more realistic appraisals, the cost of serviced land and the need to give more attention to home ownership for applicants in the lower income groups will receive the careful and solicitous attention of the government.

Mr. Ellis: Mr. Chairman, I am pleased to have this opportunity to discuss this most important subject of housing at this session, more particularly in view of the rather disquieting answers we received to questions earlier in the session regarding legislation to amend the National Housing Act. I was most pleased to learn, irrespective of the manner in which the announcement was made, that notwithstanding the minister's answer to me on October 21, that the government did not

intend to bring down any amendment this session, they have seen fit to do so. I think the determination on the part of the members of this house, particularly the members from the opposition side, to stay on the job to discuss whatever legislation we could urge the government to bring down, is borne out by the fact that we are now discussing something which, in the earlier stages of this session, the government did not propose to bring down.

The previous speaker expressed a point of view which I think is definitely a little late in coming from a spokesman of that party, particularly in view of the fact that, as the hon. member pointed out, the cost of the average house under the National Housing Act had been going up year by year. Apparently the previous administration turned a deaf ear to pleas which we had made that some consideration be given to the Canadian citizens who are earning salaries less than $4,000 a year.

The C.C.F. position has been made clear on this matter over the years. We have called on the government to enact housing legislation to take care of the housing needs of all Canadians. We have argued that if priorities are to be given, then top priority should be given to Canadians in the lower income brackets. We find that the amendments to the National Housing Act which were passed in 1954 do not materially alter the situation. We still find the situation where, according to the minister's own figures, the average income increased over the years. For example, in 1955, the average income of a recipient of a loan under the National Housing Act was $5,023 per annum. In 1956, that had risen to $5,312. In the first quarter of 1957, it had risen to $5,615 and in the second quarter of 1957, to $5,829. The minister gave us a figure a few moments ago which indicated that in the third quarter of this year the average income had increased to $5,943. Therefore, the situation is becoming materially worse. The National Housing Act has tended to move farther away from the class of people whom we believe the housing legislation should serve first and foremost.

We in the C.C.F. have pointed out to the government that the ideal objective ought to be home ownership. It would be a very healthy situation in Canada if a great percentage of our people were to own their own houses. Certainly nothing has been done by the government in this legislation toward realizing that objective. However, apart from the home ownership provisions, we have always recognized the fact that there are a large number of Canadians who, because they receive incomes so low, irrespective of whatever provisions might be made in the National Housing Act for home ownership, would not be able to qualify. Then, again, there are sizeable numbers of Canadians who have jobs of a temporary nature and who are required occasionally to move from city to city for whom home ownership does not appeal. In order to serve the needs of that group of our population low-cost rental housing is the obvious answer. And yet, I recognize that there are provisions in certain sections of the National Housing Act with respect to limited dividend housing corporations and the like to provide so-called low rental housing; but there has not been too much activity in this field. Furthermore, the rents charged under no stretch of the imagination can be termed low.

The previous speaker referred to the general rule of thumb that a family is not able to, or should not be required to pay more than a week's salary, or roughly 20 per cent of their income for housing. What do we find? According to the statistics made available by the Department of National Revenue publication, Taxation Statistics of 1957, we note that of those making returns in Canada, whether they were taxable or non-taxable returns, 62 per cent of our people earned incomes of less than $3,000 a year. As a matter of fact, we know that there are well over a million and a half Canadians who earn incomes of less than $2,000 a year. If you accept the principle of one week's salary, or roughly one-fifth of the salary, as being the amount which a family can afford to spend on housing, then it is easy to see that if a person earns less than $3,000 a year he can hardly afford to pay more than $50 a month for rent. Those Canadians who earn less than $2,000 a year can hardly afford to pay more than $35 a month.

When we consider that this situation affects the majority of the people of Canada it is quite easy to see that the so-called low rental dwellings which have been made available are beyond the reach of the majority of the people of Canada. As a matter of fact, when the National Housing Act was amended in 1954 I referred to an editorial that appeared in the Ottawa *Citizen* at that time in which it was pointed out that a certain limited dividend housing corporation in the city of Ottawa, which was constructing so-called low cost housing, was charging rents well beyond the reach of a great percentage of the citizens of Ottawa.

Therefore, when the minister speaks of low cost housing, whether it be for home ownership or for rental purposes, I think we have to examine what he means by low cost housing, because certainly the type of housing which has been provided under certain sections of the National Housing Act has not resulted in rentals which the great percentage

of the Canadian people can afford to pay. Thus, many of them are forced to live in substandard dwellings. The overcrowding that exists is something which must give us great cause for alarm.

It would appear obvious that the government ought to have given serious consideration to the whole question of low rental housing. I realize that in many instances the initiative is not being taken by municipalities simply because municipal taxes have reached such a high level in so many municipalities that they are loath to take any action which may conceivably bring about an increase in the mill rate, no matter how lofty the purpose may be. The result is that many municipalities with serious housing problems are not taking the initiative. In my opinion the fact that the sections under part II of the National Housing Act dealing with low rental housing have not been used nearly to the extent that might reasonably be hoped indicates the need for close attention on the part of the government to the provision of changes in the act to encourage a much faster rate of construction of low rental dwellings in Canada.

Apart from the question of low rental housing, with respect to which I realize the government can to some extent point the finger of blame at municipal bodies and provincial governments, there is, of course, the question of part I of the National Housing Act having to do with the encouragement of home ownership. Here again the statement we have made over the years that over 80 per cent of the people of Canada are unable to obtain any benefit whatsoever from the National Housing Act has been borne out by the statistics. As a matter of fact, the figure of 80 per cent which we have used was a little low. According to statistics issued by the Department of National Revenue, actually over 81.6 per cent of the people of Canada are earning incomes of less than $4,000 a year.

When we consider the average income of the recipient of a loan under the National Housing Act, we begin to realize the failure of the act to come to grips with the most important part of the problem. I appreciate the minister's concern about this matter. I note that in his statement on December 4 he said, as found at page 1880 of *Hansard:*

> Quite frankly, I should like to be able to help an income group even lower than those who will be helped by this legislation.

I note that the minister is quite frank in admitting that the legislation does not provide for the low income groups. At another point in the minister's statement he referred to people in ordinary circumstances. In view of the statistics I have put on the record, I believe you can hardly describe people who can qualify for a loan under the National Housing Act as being people in ordinary circumstances. It is true that their incomes might not be described as large but when you consider them as part of the general over-all population you realize they are people of more substantial means than the vast majority.

I also note that in his statement the minister pointed out that the amendments to be brought down in the bill will deal with the reduction of the down payment. This, of course, is something in which we have always been intensely interested. I think hon. members will recall that year in and year out we have advocated in the House of Commons a housing policy calling for a down payment of 10 per cent. But I would draw to the attention of the minister that along with our proposal to decrease the down payment to 10 per cent there was a companion recommendation that the interest rate should be reduced proportionately. If you reduce the down payment without at the same time reducing the interest payment you are going to add to the final cost of the house. While I recognize that under the circumstances it is most important to lower the down payment in order to include a larger group of people under the terms of the act, I can see no reason why the government did not take steps at this time to bring about a reduction in the interest rate.

I note the reference the minister made to the amendment to increase the amount of money which may be appropriated out of the consolidated revenue fund to be used by Central Mortgage and Housing Corporation in direct lending and that the amount is to be increased from $250 million to $400 million. Hon. members will recall that when the act was amended in 1954 the members of the C.C.F. group deplored the direction in which our housing legislation was moving. We pointed out with some alarm that the transfer of a greater measure of responsibility for housing from Central Mortgage and Housing Corporation into the laps or to the tender mercies of the conventional lending institutions would bring about grave results, and indeed it has. I suggest that the very fact these amendments are being brought in today indicates an awareness on the part of the government that the private lending institutions have not measured up to the job which we expected them to do in 1954.

It is very difficult, as the hon. member who preceded me said, for housing to compete successfully in the money market with other forms of building and commercial ventures. In his statement the minister referred to the

trend towards larger loans and larger incomes on the part of recipients of loans under the National Housing Act. As found at page 1878 of *Hansard* he went on to say:

> There is some reason for this trend because it is a good deal easier to handle a large loan than it is to handle a small one and I think some preference has been given by the different institutions to the larger loans.

Of course, that is the very point we tried to make in 1954, that Central Mortgage and Housing Corporation as a responsible agency of government seeking to deal with a social problem would be able to take cognizance of this fact and certainly would not give preference to those with higher incomes simply because it was more convenient or less trouble for them than to handle smaller loans. Yet, if we turn housing over to private enterprise how can we expect anything else than the very procedure which we have witnessed in recent years?

I suggest to the minister that it is the failure of the conventional lending institutions to provide the mortgage money needed for housing that has made this legislation necessary. Why this money was not made available is difficult to understand because, in the amendments brought down in 1954, there was an overly generous insurance provision which guaranteed the whole transaction at the expense of the borrower. Any risk, therefore, which would normally be involved in the lending of money was removed. It is very difficult to understand why sufficient money was not made available by the lending institutions to provide for this housing, if that is the problem as the minister suggests it is by the very fact this amendment seeks to increase the amount of money made available out of the consolidated revenue fund from $250 million to $400 million.

We are quite pleased to note that the government is putting greater reliance on Central Mortgage and Housing Corporation and is recognizing the fact that if we want to get the job done properly we have to take the responsibility ourselves for doing it. I suggest that the additional moneys made available to Central Mortgage and Housing Corporation will enable them to do a better job. Now, the amount involved of course is quite interesting. If we recognize the enormity of the problem facing the country at the present time, we begin to realize how little the amount is in terms of the general need. I note that the minister, in his statement of December 4, pointed out that of the additional moneys provided for by the amendment, $100 million would be taken up in loans on lower cost housing. He suggested that perhaps a lesser amount of from $50 million to $75 million would be lent by Central Mortgage and Housing Corporation under other sections of the National Housing Act.

When we consider the tremendous need in this country for low rental housing, we realize how little is involved compared with the general over-all need. Unless the minister can assure the committee that the amount of money presently being made available by the conventional lending institutions will be maintained or increased, then it will simply mean we are going to increase the amount of money available for direct lending to Central Mortgage and Housing Corporation. If the conventional lending institutions, under the insured plan, are going to reduce the amount they make available, then in the aggregate we are not going to be very much farther ahead. I believe this is something to which the members of the committee have to give careful consideration. I do not feel we can accept the assurances of the statement made by the minister that certain results are going to accrue from the passage of this resolution.

The hon. member who preceded me pointed out this very important question of the relationship of actual construction costs to the lending value placed on the dwelling. These two figures, of course, do not coincide and this involves an additional expense to be financed by the home purchaser. I would urge the minister to give serious consideration to the introduction of amendments that would bring the legislation in line with need. When I speak of "need" I am thinking in terms of the needs of people who are earning less than $3,000 or less than $3,500 a year.

The minister has stated that people can get a home with a down payment of $1,000 if they are earning $3,450 a year, but I think we will have to wait to see just how many people are able to get loans when they have incomes of $3,450. Even if we were to accept the results envisaged by the minister, we are still faced with the blunt fact that the majority of the people in Canada are excluded from the provisions of the National Housing Act. As a matter of fact, if one takes the $3,500 figure one finds that 73.1 per cent of the people of Canada earn less than $3,500 a year. Even if the legislation which the minister proposes to bring down is as good as he claims it is, it is still going to exclude almost three-quarters of the Canadian people.

I suggest that that is not good enough. I maintain that people who are earning incomes of only $3,000 or $2,000 a year are more in need of assistance under the housing act than any other group of Canadian people. I do not wish to trespass on the time of the committee, but I do want to refer briefly to the suggestion made by the hon. member

for St. Antoine-Westmount concerning the part played by land costs. I mention this particularly in view of the fact that I have recently received a communication from the city council of the city of Regina in which they asked me to intercede with the government in order that Central Mortgage and Housing Corporation regulations might be relaxed to the point where many areas in the city of Regina, now serviced with sewer and water and which are presently excluded from the lending provisions of the National Housing Act, might be included.

In my own city there are many people wishing to buy homes who are obliged to pay up to $2,000 for a lot. At the same time there are lots owned by the city of Regina which could be sold for $450 or $500, but which do not qualify under the regulations laid down by Central Mortgage and Housing Corporation. These lots, therefore, under the terms of the act, cannot be made available for housing. I would suggest to the minister that serious consideration be given to some modification in the regulations to permit those areas in my own city, which are serviced by sewers and water and which are presently beyond the pale so far as Central Mortgage and Housing Corporation is concerned, to be brought in at the earliest possible moment. This would make it possible to provide lower cost homes because the lots on which these houses would be built would cost much less than lots which might be purchased in other parts of the city.

Apart from the fact the legislation ignores the needs of at least 70 per cent of our people, the most glaring fault in the legislation is the failure of the government to do anything about interest rates. If people who want to buy homes under the National Housing Act are to be saddled with a tremendous debt brought about by excessively high interest rates, then of course the task of home ownership is going to be made that much more difficult. We in the C.C.F. have always argued that any reduction in the down payment should be accompanied by a reduction in interest rates. We feel that the failure of the government to introduce such a provision is the most serious flaw in the legislation coming before us. Therefore, in order to correct the situation, Mr. Chairman, I move:

That the resolution be amended by deleting the period after the word "payments" and by inserting at that point the following words: "and for a reduction in the rate of interest that may be charged by lenders under the act".

This resolution would then read, Mr. Chairman:

That it is expedient to introduce a measure to amend the National Housing Act, 1954 to increase from two hundred and fifty million dollars to four hundred million dollars the aggregate amount that may be paid out of the consolidated revenue fund under subsection 1 of section 22 of the act; and also to provide for the reduction of down payments, and for a reduction in the rate of interest that may be charged by lenders under the act.

[Mr. Ellis.]

The Chairman: The hon. member will give me a few minutes in which to study the amendment.

Mr. Green: On a point of order, Mr. Chairman, I suggest to Your Honour that this amendment is not in order. It would involve an increased charge on the government's funds and any such proposal as this would have to be brought in by a resolution duly sponsored by a minister of the crown. I submit to you that it is entirely out of order under the rules of the house.

Mr. Knowles (Winnipeg North Centre): The Minister of Public Works amazes me again. The amendment does not, in my submission, create or increase any charge on the government. The amendment suggests that there should be a change in the act reducing the amount of interest that may be charged by lenders under the act. That word "lenders" was chosen quite carefully in the drafting of this amendment, having in mind that in subsection 21 of section 2 of the National Housing Act there is this definition:

"Lender" means a loan, insurance, trust or other company or corporation, trustee of trust funds, building society, credit union or other co-operative credit society authorized to lend money on the security of real or immovable property and a bank.

The amendment makes no reference to additional government expenditure or to interest on money lent directly by the government. It refers only to money lent under the act by private lenders as defined in the legislation. There is in the act section 4 which gives the governor in council power by regulation to prescribe the maximum rate of interest and the formula is spelled out. I need not read it in full just now. The whole point, Mr. Chairman, is that this amendment has nothing to do with increasing the charge on the government in any way. It deals only with that section of the act which enables the government to fix a maximum rate of interest that the private lending institutions may charge.

I see the Minister of Public Works getting to the edge of his chair. If he has any other points, I shall be glad to deal with them. Perhaps while I am on my feet I might as well answer any point that might occur to him. It is perfectly correct, as the minister said, that a private member cannot move an amendment to a resolution of this kind if the private member's amendment involves a charge on the government. But this is an amendment that refrains from involving any charge on the government and is simply an

amendment under the terms of citation 440 of Beauchesne's third edition which reads as follows:

> The fundamental terms of a money resolution submitted to the house with the Governor General's recommendation upon which a committee of the whole is set up cannot be amended. Amendments will only be in order if they fall within the terms of the resolution.

I might point out to the Minister of Public Works that I have before me two instances of amendments being moved to resolutions of this kind. Of course I have chosen my instances with care. In both cases the amendments were moved by Conservative members of the House of Commons. One case was only a short while ago. On April 16, 1956, there was before the committee of the whole a resolution preceding a bill to amend the Trans-Canada Highway Act. The minister will recall that the subject under consideration was a certain 90 per cent provision. The Conservative members on the opposition side of the house were not satisfied with the way in which that 90 per cent provision was to be applied. The hon. member for Kamloops, now the Minister of Justice, moved:

> That the resolution be amended by adding thereto after the words "not exceeding 10 per centum thereof" the following words:
> "the portion of the highway to which such increased payment is to apply to be designated by the province."

That is found at page 2980 of *Hansard* of April 16, 1956. A question was raised as to whether this amendment was in order and this initial ruling was given by the deputy chairman, Mr. Applewhaite:

> I might say that at the moment it does not appear to me that this proposed amendment would extend the financial commitment of the crown.

He made one or two other comments and then he said this:

> However, at the moment, before asking the committee to vote, I would be willing to consider the matter further. At the moment I am not refusing to accept the amendment.

After three or four pages of debate, in which both substance and point of order are intermixed, Mr. Applewhaite returned to the matter as recorded at page 2986 and said this:

> If the hon. member will permit me to interrupt I might say that there is a maximum provided in the resolution; that the aggregate of all expenditures under the act may be increased to a maximum of $250 million. Therefore I do not think it is possible for the amendment to increase the commitment. I have accepted the amendment.
> Is the committee ready for the question on the amendment?

The amendment was voted on. It was negatived by a vote of 74 to 38. The important point, Mr. Chairman, is that the present Minister of Justice—and I note with interest that he is now consulting the authorities—found it possible on that occasion to move an amendment to a resolution preceding a money bill, provided that it did not go beyond the financial commitment involved in the resolution itself.

The other instance that I have turned up goes back a number of years; but one must go back a number of years in order to find what happened when the Conservatives were last in power. I find that on March 29, 1932, Mr. Bennett had before the committee of the whole house a resolution preceding the bill concerning the unemployment and farm relief act of 1931. There had been an extended debate. This was one of those unhappy sessions in which closure had been used, and most of us in this house know what happens to tempers under that situation. But at any rate, when the house got into committee on the resolution preceding Mr. Bennett's bill it had become necessary, because of the passage of time, for the resolution to be amended. Let me admit readily that the amendment that was moved was proposed by another minister of the crown, namely by the then minister of justice, Mr. Guthrie, but Mr. Guthrie did not produce any royal recommendation for this amendment, arguing that it merely changed the terms of the resolution without increasing the financial commitment. There was a lengthy point of order debate in which such stalwarts as Mr. Mackenzie King, Mr. Ralston, Mr. Ian Mackenzie and others took part, with our late good friend Mr. R. B. Hanson in the chair as chairman of the committee of the whole house. But Mr. Hanson stood his ground that the amendment was in order and he used these words, as recorded at page 1505 of *Hansard* of March 29, 1932:

> The Chairman (Mr. Hanson, York-Sunbury): I would not think it involved a greater commitment. It is simply a change in terms.

After further objection by Mr. Ralston, Mr. Hanson went on to say:

> May, at page 546, states:
> "The approval or the reduction of the expenditure under consideration, or a modification of the terms and conditions of the charge thereby created, are the matters specially entrusted to such a committee, and to these objects amendments are directed."

Now I have looked up that citation from May and I may say it goes on to say that amendments of this kind can be made only if they do not increase the financial commitment. Mr. Hanson simply said:

> That is sufficient, I should think.

I would like to point out that after a lengthy debate on the point of order was over, the ruling was accepted that the amendment was in order and it was passed by the house on that occasion.

So there, Mr. Chairman, you have two instances where a resolution preceding a money bill has been open to an amendment

provided the amendment only changed the terms and did not increase the financial commitment in any way.

I submit that the amendment that has now been moved by my colleague, the hon. member for Regina City, does not increase the commitment in any way. It merely does to a greater extent what the minister's resolution already does. The minister's resolution seeks to change the terms of loans under the National Housing Act. My colleague's amendment makes a further change in those terms without involving one cent of additional commitment so far as the crown is concerned. It is a very simple proposition, Mr. Chairman, and I do not think the Minister of Public Works should think that every time someone on the opposition side of the house moves an amendment he should just stand up and say it is out of order.

Mr. Green: Mr. Chairman, with regard to that last remark I really am amazed at the nerve of some people's children when the hon. member for Winnipeg North Centre thinks I have a lot of nerve if I get up once or twice and question an amendment that is moved, but since the hon. member himself gets up every day and sometimes two or three times a day on points of order I think I have a long way to go before I catch up with him.

Mr. Knowles (Winnipeg North Centre): Who raised this one?

Mr. Green: However, I do suggest that on two points this amendment is out of order. In the first place the hon. member has argued that this amendment would not make any financial commitment and he went on to say that these loans were made by lending institutions. Well, some of them are, but at the present time nearly all of the loans made under the National Housing Act are being made directly by this crown corporation, Central Mortgage and Housing Corporation. I just read earlier this afternoon that something over $167 million of government money was committed under the plan which was announced by the present government. Now you could hardly have a case in which an amendment more directly affected crown money.

Mr. Knowles (Winnipeg North Centre): Has the minister read the amendment?

Mr. Green: Of course I have read the amendment. The hon. member need not try to school teacher me like that. He seems to think he is the mentor of this house. He had a chance to be the Speaker, and probably a permanent Speaker, but he chose to remain with his party and carry on as a very active political partisan in the house. Now let him not suggest that the rest of us are not even doing him the courtesy of reading his amendments.

Then on the second point I have this to say: This amendment fails for the reason that it is indefinite. An amendment must be definite and must have a definite connection with the resolution which it is seeking to amend and with the legislation behind that resolution. I would like to point out that section 4 of the National Housing Act 1954 is one which provides for interest rates and the power therein given is to the governor in council to set by regulation a maximum rate of interest. Now this resolution has the words "and for a reduction in the rate of interest that may be charged by lenders under the act." The act leaves it wide open to a lender to charge as low a rate of interest as the lending institution may wish, and the only legal provision in the act is that the governor in council can set a ceiling over which those interest rates cannot go. So I submit, Mr. Chairman, that in seeking to tack on this amendment to the two other provisions already contained in the resolution the hon. member is proposing an amendment which is not at all relevant. You will notice the difference—

Mr. LaCroix: Mr. Chairman, five o'clock.

Mr. Green: You will notice the difference in the section which provides for the down payments. There is a definite provision for the figure; the resolution brought in by the government properly deals with that matter. Therefore I submit, Mr. Chairman, on these two grounds the amendment is out of order.

The Chairman: When the house resumes at eight o'clock I hope to be in a position to deal with the point of order raised by the Minister of Public Works.

It being five o'clock the committee must rise in order to permit the house to take up private and public bills.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO SUBVERSIVE ACTIVITIES

Mr. Wilfrid LaCroix (Quebec-Montmorency) moved the second reading of Bill No. 13, to amend the Criminal Code (subversive activities).

He said: Mr. Speaker, the purpose of this bill is to prevent communism from extending its propaganda activities in this country. For the last few years the communist party of Canada and the Soviet embassy in Ottawa have been using the mails to pour out floods of propaganda originating in Russia and

designed to establish international communism. I have here a pamphlet entitled, "The Fortieth Anniversary of the Great Social October Revolution", essays by the propaganda section of the Marxist-Leninist Institute, which openly advocates world revolution in favour of a socialist and communist system in all nations on earth. Those pamphlets have been sent to all hon. members of this house, to a large section of the Canadian population and they have been more particularly distributed in the province of Quebec. It seems to me high time that the necessary steps be taken to stop this active propaganda which is likely to contribute to the creation of communist cells whose spying is bound to be detrimental to us in the event of a war against Russia.

It will perhaps be claimed that the Royal Canadian Mounted Police are keeping an eye on communist activities in this country but—and I want to stress this point—they will be powerless against the infiltration of communistic ideology among the poor, the unemployed and even among certain so-called intellectuals. All of these, once converted by that propaganda might do us considerable harm in case of war with Russia.

I have already submitted this bill on various occasions when I was sitting on the government side. Everybody here knows its contents. This year I have introduced changes to make it identical with an act passed by the United States government which, according to Mr. Edgar Hoover, chief of the federal bureau of investigation, has proved most effective in curbing communist activities.

I should like this afternoon by keeping my remarks brief to avoid taking up too much of the only hour reserved to a study of this bill so that hon. members who favour the adoption of the bill may vote before the house has used up all the time reserved to the consideration of public bills. I would therefore ask those who are in favour of the bill simply to abstain from any prolonged discussion which would rule out all possibility of this bill going through for otherwise it would drop down to the bottom of the order paper.

There is nothing to prevent us from approving the bill on second reading and then referring it to a committee of the house which would consider and even amend it should the committee feel that it falls short of the objective I have in mind. I strongly object, however, to any attempt to kill it by protracted discussion which indeed would prevent a committee of the house from giving it further study for what I am seeking through this bill is to prevent communist propaganda from spreading in our country at a time when the taxpayer is being heavily burdened precisely to face this enemy.

It might perhaps be suggested that if this bill were to pass it would lead to a breakoff of our diplomatic relations with Russia. This would be a misconception because the United States, in spite of their having adopted similar legislation, still have an ambassador in Moscow. I may add that the former leader of the opposition, the present Prime Minister (Mr. Diefenbaker), has often advocated in this house legislation against the communist party.

Mr. John B. Hamilton (York West): Mr. Speaker, regardless of how laudable we feel this type of legislation may be, that is the purpose to which it might be put in connection with the safeguarding of our institutions in this country, I believe it has some serious shortcomings in its ability to root out the type of person who might eventually be prosecuted under it. It seems to me that by far the best way to ensure that the type of person who would be subjected to prosecution under the proposed amendments to the Criminal Code would be known to the public would be for us to continue to see that they are out in the open, subject to public scrutiny in the ordinary course of our daily living.

In connection with the amendments proposed by the bill which is before us it would be almost impossible to determine what constituted a totalitarian dictatorship. As a matter of fact before I rose to my feet I was just in the process of going to the table of the house to see if it were possible to find even a dictionary definition of the term "totalitarian dictatorship". I am almost certain that no reference to it would be found in any legal dictionary and it seems there would be such wide latitude in the interpretation of the phrase "totalitarian dictatorship" that it would be impossible to maintain a prosecution under the particular section of the Criminal Code which the bill before us seeks to add.

It will be observed that almost all the subclauses in clause 1 which seeks to insert a section to be known as section 62 (a) following section 62 of the Criminal Code contain a reference to the term "totalitarian dictatorship". I have not had an opportunity of consulting the Criminal Code in this respect but I am almost certain that this term is not included in the original definition section.

As I said the whole intent and purpose of this section would go for nought if we were to get into any degree of difference of

opinion about the meaning of these words. The words appear in subclause (a) of clause 1 as follows:

(a) attempts in any manner to establish in Canada a totalitarian dictatorship—

In subclause (b):

(b) performs or attempts to perform any act with intent to facilitate or aid in bringing about the establishment in Canada of such a totalitarian dictatorship;

In subclause (c):

(c) actively participates in the management, direction, or supervision of any movement to establish in Canada such a totalitarian dictatorship;

In subclause (d):

(d) actively participates in the management, direction, or supervision of any movement to facilitate or aid in bringing about the establishment in Canada of such a totalitarian dictatorship;

Subclause (e) reads:

(e) conspires to do anything made unlawful by this subsection,—

This of course again refers to the terms of the subclauses I have just read out. It seems to me that if we are in any doubt as to the proper definition of the key words in this amendment we could not expect any successful prosecution under it. As a matter of fact it reminds me somewhat of some of the legislation we had in the immediate post-war period. The wartime prices and trade board was asked to prosecute people for sales of various articles, which had formerly been under price control, at prices which were unreasonable and unjust. If you refer back to decisions of the Supreme Court of Ontario at that time you will find that the learned justices determined that it was impossible, under those circumstances, to interpret the words "unreasonable and unjust".

I might say, sir, that we have a habit of describing certain types of governments as being totalitarian dictatorships. On the other hand, from time to time, we seem to be able to get along with them; we seem to meet with them around the bargaining table and successfully carry out negotiations of various kinds for the general betterment of conditions throughout the world. It might be that with this type of designation we would run into continuing trouble in attempting, in these very serious times, to arrive at some method of communication with governments which might be described in the terms used in this bill.

I think it will be agreed, sir, that this legislation involves not only the descriptive words to which I have referred, but the second clause, section 154A, having to do with the use of the mails for the distribution of literature, in fact, represents the same kind of thinking. You will note that this section reads:

Everyone who posts, or causes to be posted, for transmission or delivery by or through the post any communist newspaper or any newspaper the purpose of which is to establish in Canada a totalitarian dictatorship the direction and control of which is to be vested in, or exercised by or under the domination or control of, any foreign government, foreign organization, of foreign individual . . .

Here again, sir, we find the use of the same words "totalitarian dictatorship". As a matter of fact, sir, we are asked to include in the Criminal Code the word "communist". I would respectfully suggest that there is even some doubt in my mind whether the Criminal Code contains any reference to or definition of the word "communist". I think, sir, that what we may be trying to achieve may be fairly important in so far as the government of the country is concerned. I know, that you, Mr. Speaker, are aware that we receive through the mails almost daily in the House of Commons literature of the type which my hon. friend has attempted to describe in this section. Sometimes I have thought it is not the type of literature which should be posted through our mails, but at other times I have felt that I would be a great deal happier if I knew or was able to read the thinking of people who disagree so violently with us as do the people who have used the mails for this purpose. Taking it all into consideration, sir, I have felt that perhaps we may have a better understanding of some of the other sides of the questions which come before us daily in the exercise of our government powers.

But you can see, sir, the problem which would face the Post Office Department in attempting to supervise or police—and I think it would fall to them to do this particular job—the literature of this kind which is coming through the mails daily. First of all, I assume it would be almost impossible to screen all the literature that comes through in this way. If it is picked up on spot checking, as they used to do with some of our mail during the last war, it would be necessary for the Postmaster General (Mr. Hamilton) on each occasion to refer the particular item or piece of literature to the Department of Justice and to the law enforcement officers. Then, of course, we would get into the problem of determining what is the true meaning of "communist" because, as I say, I do not think it is defined in the code. We would be up against the question of determining the meaning of the expression "totalitarian dictatorship" and I am afraid, we would find we would be hopelessly entangled in legislation which would not bring any real protection to the Canadian people.

There is no doubt in my mind about what the hon. member is attempting to accomplish.

It is just as great a worry to us as it is to him. Whether, as a result of this legislation being placed on the order paper, it may mean that more serious study will be given to this particular problem will be for the Minister of Justice (Mr. Fulton) to decide. I do not think that anything but good will come from it, and perhaps we can look the situation over thoroughly with a view to seeing if some kind of legislation may be devised to better take care of this particular situation.

Mr. R. H. Small (Danforth): Mr. Speaker, when the bill first came to my office and I had a chance to read it over I immediately said that its purpose was good. After thinking over the purpose that it was intended to accomplish I saw the situation in a different light. This thought ran through my mind. From the time the revolution took place in Russia, when violent changes were made, what have we accomplished by the methods we adopted to see if we could frustrate, handicap or defeat communism as we know it? In the early days of the advent of communism in this country we did not take it very seriously, because we did not think that communism could for one moment gain a foothold in Canada. I still think there is no possibility of communism gaining a foothold in this country. Communism gets a foothold in a country only where there is poverty and where people are living on subsistence levels. Be that as it may, it is a very serious situation that we have to consider. If we become complacent about it and just take for granted that it is not going to make any advances in this country, then it becomes a real danger; but I do not think that situation will arise or even make any serious progress.

I can remember some individuals in Toronto who were of the communist complexion in the early days and the methods they adopted to advocate the cause of communism. The inroads they made at that time were not too serious. There was a John Macdonald and his wife who were quite active in the labour movement in Toronto. They took a very prominent part in the trades and labour council of Toronto. They were advocating the policies of bolshevism as it was called in those days. There were a good many academic discussions about bolshevism, Leninism, Trotsky and so on and what parties would comprise communism at that time. But it soon became apparent that no parties were to be allowed in Russia and that communism was a philosophy, and in a way, operated without any parties.

Mr. Macdonald and his wife were both very admirable people. They were respected because of their education and their high standing in the community. They were accepted generally throughout the city, particularly in the labour field. But they were not aggressive enough for the communists. They were not possessed of the spirit of the Lenin and Trotsky segment of communism and ceased to take a very active part in communist affairs in Toronto.

Then Mr. Tim Buck was put in charge. I can readily realize what the hon. member has in mind when he refers to the progress they are making because in my own union we did not take too serious a look at the situation and we ended up by finding that the president and secretary of our union were avowed communists. They were representing our particular union at meetings of the trades and labour council of Toronto.

That was also the time of Jimmie Simpson, one of the outstanding labour men of that day. In fact, he was at one time a controller in the city of Toronto. He came to me and said that the communists were making certain inroads into the trades and labour council and asked me to do something to help to get our union back on the rails. I had not taken an active part before but I proceeded to do so then and it was not very long before the two officers were removed and we were back in control. The influence of the communists should not be taken too seriously. But it does take the co-ordinated effort of all who believe that inroads can be made if we become complacent, as I mentioned a moment ago.

In the course of events it was not very long before we put Mr. Tim Buck in his place. He carried on as their leader and he did enlist some outstanding men such as Charlie Sims and Stewart Smith. They embraced the communist philosophy and at one time the city of Toronto even had a communist controller and three communist aldermen, something that we did not believe it was possible for them to attain. But we contained them and kept them in their place until the war came along. Then they went underground and that is something I want to emphasize in connection with what the hon. member is trying to accomplish through this legislation. He desires to defeat the communists completely and wipe them out and that is where the danger lies so far as the legislation is concerned. It is not possible to wipe out any organization to the extent that the hon. member has in mind. You will drive these people undergound and when you do they become more dangerous than if they are out in the open. If they are out in the open you can watch them, trace them and trail them and you have a better understanding of what they are planning.

In Toronto such members of the communist movement as Joe Salsberg, a very affable and clever fellow, and A. A. Macleod succeeded in becoming members of the legislature of Ontario, and they always presented their very best front. They took advantage of every slight depression or adverse conditions to advocate the cause of communism, but at no time were we unable to contain them. As soon as the ban on communists was lifted they were back in their old circles and engaging in their old activities and it was much easier to keep them under control and observation.

The Royal Canadian Mounted Police are doing a remarkably good job of keeping these people under observation. Under the control of that organization they will be kept where they rightfully belong. The hon. member for York West (Mr. Hamilton) referred to the fact that the literature which reaches our desks is rather annoying. I used to take it as it came to my desk and throw it in the wastepaper basket as not fit to be read but lately I have started to read it. Over the years this literature has been coming to my desk through different avenues. The branding of a man as a red or a communist was sufficient for people to say that he was a person who ought to be ostracized and that no consideration should be given to that movement. A lot of good people in this country have been branded as communists because they have had advanced and radical ideas. They have been smeared when they advocated something for the general good and have been called reds or communists or given some other appellation that indicated they belonged to that ideology.

Even Jimmie Simpson was classified and branded as a red in his early days in Toronto but he turned out to be one of the most sincere and ardent advocates of the poor and the labour people of Toronto. At the time of his unfortunate end by accident he rated very high in the city of Toronto. Yet at one time he was classified as a communist.

As I said, I have taken the trouble to read some of the literature that has come to my desk and I find there is a lot of good subject matter. Mind you, I would say that about 75 or 80 per cent of it is just tripe and does not come anywhere near the ideals of the people of this country with regard to the right of the individual to freedom of thought, freedom of assembly and to follow the dictates of his own conscience. Nevertheless, I feel we are capable of containing these people and should not be above reading some of these articles.

I recall one I read last week, which I thought was interesting. The writer was talking about sports and how sport had got into the realm of professionalism. He referred to the methods followed in the days when we were young when sport was primarily a game and people took part for the fun of it whereas now those taking part in rugby, hockey and other games dress in armour as if they are going into a battle. The writer pointed out that if sport is to be what it should be it should get back to being an honest game in which everyone can indulge, have fun and receive the physical training and so on that appeal to people's common sense.

The mere fact that it has been branded as communist literature does not mean that we should not read it. I went through a lot of it and I found that there were worth-while articles. The fact that this literature emanates from a particular group is no reason why we in this house should brand it as something that should not enter the country. After all, I think we should pride ourselves on the fact that we can keep our own philosophy, our own ideals and our way of life, even though this literature might be available.

While I would like to go along with the legislation suggested by the hon. member, I do know that in the past we have never been able to accomplish this objective and drove the communists underground. We proved that during the war. Even the investigation induced by Gouzenko, when Gouzenko, tried to tell us what was happening in our country. Finally he had to appeal to the prime minister because everybody was sceptical. An investigation was conducted and we found out what was going on. All this took place because we drove them underground. Had we allowed them to operate in the open, we would have been able to pick them off when we wanted to do so.

There was a group operating right in the Russian embassy in Ottawa and they were doing so because we had driven the communists underground, one also sat in this house. I think under the circumstances, knowing the way they have operated in the last 25 or 30 years since the Russian rebellion, we should leave them out in the open where we can observe them. We want them to be where we can see what they are doing and where we can get them if they are trying to upset the government of the day through subversive activities.

Mr. D. J. Walker (Rosedale): I want to compliment the hon. member for Quebec-Montmorency (Mr. LaCroix) on the very sincere and very eloquent, if very short, appeal he made. I want to tell him through you, sir, that every one of the hon. members in this house sympathizes with his objective and

appreciates what he has in mind. But, Mr. Speaker, it is only a question of what is the best means of attaining the same end. No one can question the sincerity of the hon. member who has moved this resolution. Nevertheless, must he not realize that since 1950, when this very problem was debated so vehemently in this house, conditions have changed very materially. I am open to be convinced by my hon. friend that the legislation which he suggests should be put on the statute books; I have an open mind.

I could not help but refer to the words of the then prime minister, now Leader of the Opposition (Mr. St. Laurent), as found in *Hansard* for 1950, page 2086:

> Mr. Speaker, I do not think there are many Canadians who do not believe that there is ideological warfare going on and that there has been for a number of years a conflict between communism and Christian civilization. I am sure that there are very few Canadians who do not wish to see that war won by Christian civilization. It is a matter of opinion as to what are the best methods to be adopted to prevent the spread of communism in our country. I firmly believe that it has diminished over the last few years.

Now, those words were spoken in 1950 when there was one scare, one alarm, after the other. The then prime minister believed the problem had diminished, and if that was so in 1950 might I suggest to the hon. member for Quebec-Montmorency it is doubly so at the present time. Indeed, today the threat has receded in Canada to such an extent that one can only wonder whether there is a threat at all. All the prominent communists with the exception of Tim Buck, who recently had his way paid to Russia to meet with the communist party, have disappeared. They have at last been forced to find work. One finds them in different capacities, as waiters, shoe shiners and other vocations in which they are earning their daily bread.

It seems to me, Mr. Speaker, that they no longer espouse a cause which is popular. It seems to me it might be a mistake, and I say this with the greatest deference to my friend, to bring in legislation at this time since there is no real desire for it. After all, the communist thrives on opposition. Everybody thrives on opposition, and without opposition people often disappear because of the futility of the cause which they espouse. I cannot help but think that nobody would be more delighted than the communists themselves to have a bill such as is before the house passed. It would give them fresh incentive, fresh hope, because then they would have some opposition which would unify them and would tentatively drive them underground where they could carry on their dire work.

They are in retreat, they are rent in twain. They have nothing in common. They have not even a doctrine in common. How different it is since the death of Stalin. Until that time communists were united in their common belief Stalin was a superman, almost a god on earth, and that communism itself was a sound doctrine. With the passing of Stalin and the explosion of the myth which was Stalin, we find the communists in Russia terribly divided, and this situation is reflected amongst the communists in Canada. Rent in twain as they are, without any fixed ideal, without any fixed objective, they are finally disintegrating and disappearing.

It is my respectful submission to my hon. friend, and in this of course I may be mistaken, that to make them prominent again, to make them popular again, even popular through the opposition that is being raised in this house against them, is exactly what they want. They are a badly disillusioned crowd. They believed in the principles of communism, but now they see there is no such thing as communism even in Russia. They say that they were the socialist states of Russia, but with the passing of Stalin they have found that it was one of the greatest autocracies, one of the greatest tyrannies of the world. Even the sincere communists in Canada have been disillusioned, disappointed and under the circumstances are ready to quit.

I think one of the most striking examples, Mr. Speaker—my hon. friend will perhaps agree with this—is that Her Majesty's minister for external affairs, running against a communist, was able to obtain over 10,000 votes against 212 for the communist. Even a dog catcher, without any experience in any affairs except that of dog catching could have done much better. In this world of ours we cannot afford to be narrow minded. We cannot afford not to heed the words of the hon. member, for whom I have so much respect. I have respect for him because he represents that other great race which forms an important part of our country. I say to him that he speaks beautiful English and I, in my stumbling French, will try to tell him what the situation is:

(*Translation*):

It was well and truly spoken, sir, in terms worthy of the pulpit. I congratulate him and, with your permission I will now attempt to speak French. I hope I do as well in French as he did in English.

May I emphasize, Mr. Speaker, that in the great fight which Canada has been waging against communism since the war, our greatest bulwark against that philosophy which at one time threatened us has probably been the province of Quebec and the great French Canadian people.

We like French Canadians for many reasons: their outlook upon life, pervaded with

what is called "joie de vivre" (joy of living), their natural kindness, their courtesy, their good manners, their appreciation of the fact that there are greater and more important things in life than the mere accumulation of material wealth. For all those reasons, we esteem the French Canadians, but what we admire most in them is their steadfast, unshakable faith, and their deep, bitter enmity to the godless doctrine of communism. For all this, we raise our hats to French Canadians, one and all.

Mr. McCleave: Hear, hear!

Mr. Walker: For all of this, hats off to French Canadians, without exception.

It is time we practised our French today. I will try even harder next time.

(*Text*):

You can therefore appreciate, Mr. Speaker, that we of the English speaking part of this house appreciate perhaps more than anything else in this house the contribution of the French Canadians to keep us on solid ground because never in the history of our dominion have we had a more solid, substantial body of 5 million French Canadians who, through thick and thin, through good weather and bad, have always wholeheartedly maintained their faith in the one Supreme Being and their hatred and detestation of communism. All of us appreciate that.

We know that communism, in its inceptions, and because of what it propagates and because of its very godlessness, is a hideous monster. It is a demon from hell incarnate. It is a blasphemer of God. It is the destroyer of millions in the image of God. By whom and for what purpose? By nations crazed with the lust for things material and with no thought of things spiritual. Have we not recently but staggeringly emerged from two of the most stupendous, blind and furious struggles ever known to the ages, to be met, when it is all over, by this communist threat which we are glad to see in this our dominion has faded out. It will continue to fade out, so long as hon. members of this house, of which the hon. member opposite me is a distinguished member, can guide the destiny of our dominion in such a way—above party, above race, above partisanship, above "isms" of every kind—so that we can keep this country prosperous, so that we can keep this country what Sir John Macdonald planned it should be, namely the country of the twentieth century where peace, happiness, bounty and goodwill are predominant. That is the best way in which to abolish the threat of communism.

In conclusion, Mr. Speaker, to bring this discussion down to the practical level, may I say that the section of the Criminal Code, which I need not read to hon. members of this house—they are no doubt conversant with it—namely section 60 covers, I submit with great respect, every possible contingency which might be raised by the threat of communism. To my mind, speaking as a lawyer and speaking also as the parliamentary assistant to my distinguished friend and colleague the Minister of Justice, it is my respectful submission that there is at the present time no need for legislation such as this because section 60 of the Criminal Code covers every possible situation. But nevertheless if I am wrong in this submission, I am willing to be convinced. If my hon. friend, through his eloquence and that of his supporters, can convince me otherwise, then I am willing to be convinced that there should be an amendment. But let us all think well before we stir up and give fresh life and fresh hope to what is at present a very dormant cause.

Mr. F. C. McGee (York-Scarborough): Mr. Speaker, in rising, at this moment in this discussion I find a considerable degree of confusion. Certainly I am confused by a number of things about this debate. If I may be permitted to elaborate as to the nature of this confusion, may I say that I was under the impression during the recent election campaign that certain leading members of the so-called Liberal party laid claim to certain small "l" liberal principles. In fact, I recall from memory a statement made by the right hon. the Leader of the Opposition (Mr. St. Laurent), then prime minister, in Winnipeg to the effect that he wished his brand of Liberalism to be worthy of the small "l" as well as the capital "L". I recall further the words of one who looks to be very promising in the forthcoming race for the leadership of the so-called Liberal party to the effect that he liked to think that over the years the capital "L" Liberal party has been the best embodiment of small "l" liberal philosophy. Certainly the suggestion that information of any description should be suppressed is not, I submit, consistent with any interpretation of small "l" liberalism. This afternoon, from the capital "L" Liberal side of the house we have such a suggestion. From this side of the house we have had objections.

May I refer to the principles outlined by John Stuart Mill, who was an important man in small "l" liberal circles, to the effect that everything in the way of literature is either all good, part good and part bad or all bad. If you apply suppression and censorship—which is what part II of this amendment

amounts to—to something that is all good, the good in it is lost. If you apply censorship to something which is half good and half bad, the good part of it is lost. If you apply censorship to something that is all wrong, you merely strengthen it by suppressing it.

These principles in part have been enunciated by hon. members from this side of the house who have preceded me in speaking on this matter. If I may be permitted to recall an article which I was asked to write for the week end edition of the *Globe and Mail* of June 9, I should like to do so. In the city of Toronto a Conservative candidate was asked to write on the Liberal party, 1957; and a Liberal candidate on the other hand, was requested to write on the Conservative party, 1957. I was fortunate enough to be asked to write on the Liberal party, 1957.

In that article, speaking again from memory, the conclusions I reached and the statements I made were to the effect that, by reason of their activities, the leaders of the so-called Liberal party had no right to lay claim to the honourable title or small l liberal. I suggested further that if voters on the following day or the day after that voted against or to remove the Liberal party they would not be deserting their party but would be voting against the leaders who had deserted them. This I submit is but one more piece of evidence of the fact that this party, which you may recall was originally known as the Liberal-Conservative party, has inherited the support of those people in Canada who believe in liberal principles and do not merely preach them.

Mr. F. C. Stinson (York Centre): Mr. Speaker, may I first of all through you, sir, extend my congratulations to the hon. member for Rosedale (Mr. Walker) who has spoken with such eloquence on this matter this afternoon. I have had the pleasure of hearing that hon. member speak in a number of places and in great variety of circumstances and I can assure the house that the eloquence he has displayed today is indicative of the manner in which he may be expected to speak in this house over the years to come.

Now it is perhaps appropriate that a matter of this kind should be under discussion here this afternoon at the very time when certain leaders of the government of this country are in consultation with the leaders of the free nations of the western world who are attempting to work out programs under which the peace and security of the world may be maintained. While they are so engaged I think it is perhaps appropriate that we should be considering the kind of legislation which is proposed today and which is concerned with protecting the people of this country against the activities of those who might seek to bring us, through their actions within this country, under the domination of a foreign power.

I am pleased that we have this opportunity to discuss a measure which has to do with the liberty of the subject. In my constituency there are several thousands of Canadian citizens who have come to this country since the end of the second great war. I have the opportunity each weekend of meeting many of these people. I would like to tell hon. members of this house that while many of these people when they came here had in mind the building of a better way of life, from an economic and material standpoint, in most cases they came here to live in a country where they might enjoy freedom, the freedom which they had lost in the countries from which they came.

It therefore seems to me that when we consider legislation of this kind we must be very very careful in assessing the possible invasions of those freedoms which we now have with respect to our political activities. I have read the proposed amendment to the code with care and with great interest and I think it may very well be that the present provisions of the Criminal Code respecting those matters referred to in the proposed legislation may already accomplish in a very satisfactory way the objectives which the hon. member has in mind. I refer particularly to those sections of the code which define sedition and which refer to the offences relating to seditious activity and provide penalties for persons found to be guilty of engaging in such activities. I think that any of the activities which the hon. member plans to cover in the legislation he has put forward in his proposal this afternoon are already adequately set out in the provisions of the Criminal Code relating to the offence to which I have referred.

Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. Rea): It now being six o'clock the house will resume in committee of the whole the discussion of the resolution which was interrupted at five o'clock for private and public bills.

NATIONAL HOUSING ACT

AMENDMENTS RESPECTING AGGREGATE AMOUNT AVAILABLE, DOWN PAYMENTS, ETC.

The house resumed consideration in committee of the following resolution—Mr. Green—Mr. Courtemanche in the chair:

That it is expedient to introduce a measure to amend the National Housing Act, 1954 to increase

from two hundred and fifty million dollars to four hundred million dollars the aggregate amount that may be paid out of the Consolidated Revenue Fund under subsection 1 of section 22 of the act; and also to provide for the reduction of down payments.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Before the committee rose at five o'clock the hon. member for Regina City had moved an amendment to the resolution respecting the National Housing Act in the following words:

That the resolution be amended by deleting the period after the word "payments" and by inserting at that point the following words: "and for a reduction in the rate of interest that may be charged by lenders under the act."

During the dinner hour I had an opportunity to read the remarks made by hon. members when they were discussing the point of order raised by the Minister of Public Works. I have also had an opportunity to study the authorities in regard to the relevancy of the proposed amendment and I would like to read those authorities to the committee. Campion in his introduction to the procedure of the House of Commons, fifteenth edition, at page 278 states:

The scope of amendment is limited by the terms of the resolution which has received the King's recommendation. Any amendment exceeding the terms of this resolution would amount to the exercise by the house of the initiative in expenditure which is constitutionally reserved to the Crown.

It should be clear that not only any increase in the amount of the charge recommended but any alteration in the objects to which it is directed, even if no additional charge is incurred, implies the exercise of such an initiative and is therefore out of order. The King's recommendation may be figuratively represented as drawing a line round the objects of expenditure set forth, often in great detail, in the recommended resolution. Any changes entirely within, or exclusions from, this circle are in order. But nothing may be brought into it from outside.

May in his fifteenth edition at pages 678 and 679 in discussing this point says:

The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand or recommendation is attached, must be treated as laying down *once for all* (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications, expressed in the communication by which the Crown has demanded or recommended a charge.

[The Acting Speaker (Mr. Rea).]

Citation 439 of Beauchesne's third edition reads in part as follows:

The object of the resolution recommended by the Crown is to give the house a first opportunity to discuss the advisability of making a certain expenditure.

On the ground that the amendment attempts to impose a charge upon the crown, as the Minister of Public Works has stated, the amendment is of course out of order. On the other hand an amendment must have some meaning and must be relevant to the subject under consideration. I can find no provision relating to interest rates in the resolution before the committee. Therefore, basing my decision on the citations quoted above and on citation 344 of Beauchesne's third edition which in part reads as follows:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed—

I must rule that the amendment is out of order on the ground that it is not relevant to the resolution before the committee.

Mr. Hahn: Mr. Chairman, this resolution is indeed an extremely timely one and the Minister of Public Works is to be congratulated for bringing it in at this time. Hon. members I am sure will agree that over the past 18 months this house has heard many discussions on the problem of housing and the relationship of tight money thereto. It has been frequently said that one of the reasons the country was finding itself in the awkward position of having so many unemployed was by reason of the fact that we did not have any money allotted to our housing scheme as we had in earlier periods of relative prosperity.

It would be the tragedy of all time, and in fact it probably is, that the conditions apparent today in housing are such that we have thousands and thousands of people who are desirous of owning their own homes but who have been denied and are being denied the right to do so merely because they lack the financial means which makes it possible for them to partake in the terms set out in the National Housing Act and the regulations made thereunder.

The fact is, however, as I noticed with some regret that the proposed amendments to the act are not received throughout the country as enthusiastically as many of us supposed they would be. I have a clipping from a daily newspaper, the *British Columbian*, dated December 9, 1957, which is headed, "Few Benefits Seen From N.H.A. Changes" and which reads in part as follows:

The Conservative government last week handed the voters a bright, shiny apple in the form of amended N.H.A. regulations—

I am sure that sounds very gratifying to the minister but the paragraph continues:

—but it will take up to three months for the voter to discover the worm.

I recognize that this article might be somewhat biased in its views because it expresses only the thought of certain real estate agents in respect of the application of the act. However I think it warrants some consideration because these were the views of a group of real estate people who are a part of the over-all scheme of selling homes. After citing the above opinion of two prominent realtors the article continues:

Their findings were backed up at the weekend by the Vancouver real estate board, which termed "inaccurate and greatly exaggerated" first impressions of low down payments on N.H.A. homes. The city realtors said that the new loan regulations, aimed at creating employment, would actually have an adverse effect in the next two months.

They added that the promise of N.H.A. homes for from $1,000 for a $10,000 house and $3,200 for a $16,000 house was "not borne out by the facts".

People are going to be awfully disappointed when they try to buy an N.H.A. home for $1,000 down. There is going to be the complaint that the builder has grabbed up the extra money," said Mr. Williamson.

That is the thinking of a New Westminster real estate agent. Further on in the article I find the following important comment:

Mr. Noseworthy said that the lending value of a house was usually from $2,000 to $3,000 below the minimum amount for which the property could be sold.

In simpler terms, a contractor may put up a house for an actual cost to himself of $12,000. His N.H.A. loan will be based on this figure. He will sell the house for $1,500 to $2,000 more, which means the buyer will still have to make up the difference. At the most, the buyer's down payment will be reduced $800.

The two realtors said the Ottawa announcement had had an immediate effect on the New Westminster area housing market.

"Many realtors have had sales cancelled by people who think that in a couple of months they will be able to buy an N.H.A. house for $1,000 down," said Mr. Williamson.

Another realtor quoted in this article is a Vancouver realtor, a member of the Vancouver real estate board who said:

—false hopes that good homes can be bought here for as little as $1,500 down can only lead to disappointment.

This is a consideration which I feel the government should take under advisement, the fact that many people will be disappointed because they expect as a result of the announcement made by the minister they will be able to obtain a home for $1,000 down. It may be that the government through the regulations will take such remedial action as is necessary to make it possible for homes to be made available for $1,000 down and I would be delighted to see such action taken.

As I indicated earlier, the question of housing has been discussed very often in this house. The Minister of Public Works has been possibly one of the most loquacious in respect of housing needs and he is probably as familiar as anyone is with what he said. The Minister of Agriculture likewise had a great deal to say about housing, and because the Minister of Public Works might just not know what the Minister of Agriculture had to say from time to time I shall read what the Minister of Agriculture said on April 1, 1957, as reported in *Hansard* at page 2920:

I should like to turn to another matter, Mr. Speaker. One of the notable omissions in the budget speech of the Minister of Finance is any review of the present situation in regard to housing construction, or any measures designed to improve it. During the latter part of the 1956 session we had many indications that the tight money policy of the government was having, and was likely to have, very serious effects on the housing industry. The replies of the Minister of Finance and the Minister of Public Works to inquiries made in this house last summer, and again throughout this session, as to what measures were contemplated to prevent a great decline in house building were really nothing more than a sort of soothing syrup.

Of course, the Minister of Agriculture has been accustomed to using fine phrases in criticizing some of the actions that the former government took along similar lines. While I am delighted that there is to be an amendment to the act, I also must agree with the Minister of Agriculture that perhaps the terminology he used in the quotation I have just given might apply equally at the present moment.

The hon. member for Regina City proposed an amendment which was commendable in every sense of the word. The people of this country realize full well that the interest rate paid on housing loans eats up a great deal of the amount used as a payment on a house; but—and there is a "but"—a question comes to my mind immediately and it is a serious one because it is something that we have been up against in the past several months. If we reduce the interest rate, will money be made available by private companies to make it possible for a continued expansion in housing that we would like to see? It is a very serious problem. It is a fact that we can borrow money on the open market at probably 6 per cent to 7 per cent. But when it comes to housing loans, and we try to reduce the interest rate to a point where the people can afford to pay it, we find at this time the money is denied us. It is indeed a very serious problem. The government should make it its business to see whether it is possible to bring the interest rate permitted on all loans in the country to the point where the public would be in a better position to pay and get the money at the same time. I know it is a difficult question. I realize it full well because if the

people or the lending institutions who have the money do not get the interest rate which they have the right to demand, then the money will go across the line to the United States or to someone else who is prepared to pay the interest rate.

The suggestion that the interest rate on housing should be 4½ per cent is even unreasonably high because, since the Bank of Canada issues money at a lower interest rate, I believe the function of the bank should be to give Canada money at cost so that Canadians themselves would benefit thereby and not be paying an unduly large amount of their payments in interest in their endeavours to buy houses.

I did indicate that this question has been discussed frequently in this house. The lumbering industry in my province is in a desperate condition, which has been brought about by this and other factors. The fact that we have not a foreign market has affected it as well, of course, but the fact that the tight money policy had an adverse effect on housing loans made the problem just that much more acute. The effect has been that more than 50,000 men in my province who are dependent on a $500 million industry have practically lost their positions. Probably it is significant that in the change of government the former minister of trade and commerce, Mr. C. D. Howe, was not elected to this house. Probably the reason we have the present government is that he made statements such as the one I shall now quote which appeared in the *Financial Times* of February 15, 1957. The article is headed:

"Get Back to Normal" Howe Tells Industry Via Lumbermen

The article reads in part, and I shall not read very much of it:

And finally, and most significantly, the lumbering industry can not expect the government to do anything about it.

The reason we have had a change of government, Mr. Chairman, is that the lumbering industry expected the government to do something about it. If this housing plan that is proposed does not do all that we hope it will, then it is just going to be that much eyewash so far as the lumbermen in my own province are concerned. I am hopeful that it will be of considerable help. I expect it will be. I have said so before. If the people in British Columbia and in the rest of Canada are not in a position to find the down payment of $1,000 or more they will still be denied the right to buy a house and, of course, our industry will suffer. The relation of this problem to the unemployment situation has been well demonstrated, and it is one of the reasons why so many of us have asked from time to time to have a change made in the present interest rate. We are hoping that it will do something for the industry as a whole.

One of the objections that I have to the present amendment—and I wish that the minister had gone farther—is that it means that a man can only buy a house—that is, a man who has a desire to get one—if he has an income of approximately $5,000. When we were discussing the income tax bill the other day the Minister of Finance indicated that there were some 3 million Canadians who had an annual income which required them to pay income tax on not more than $2,000. This afternoon the hon. member for Regina City quoted figures to show that 81.6 per cent of the Canadian workers earn less than $4,000 a year. This act, even as amended, is not going to be of any particular value to the people who are desperately in need of houses.

The problem of interest rates, which I mentioned a few moments ago, was also brought to the attention of the government in a brief submitted to the federal government by the 39th annual general meeting of the Canadian construction association on February 26 of this year. I recognize that another administration was in office at that time. I draw the minister's attention to pages 4 and 5 of the brief, where I find the following:

The housebuilding section of the construction industry has to date been most seriously affected by the present credit situation and the competition for investment funds.

I would say that bears out some of the arguments I presented earlier with respect to the impossibility of getting money at a lower rate of interest.

It is still too early to assess whether or not the recent increase to 6 per cent from 5½ per cent in the interest rate for National Housing Act loans will be effective in increasing the amount of investment funds allocated for this purpose by the lending institutions.

We know as a matter of fact that increasing the rate to 6 per cent did not help. Despite all the hopes that the former administration had in that respect, no greater amount of money was made available for housing.

One certain result of the increase in interest rates, however, will be an added average expense of $900 to the homeowner spread over the life of the mortgage. In the association's submission to you a year ago it was stated: ". . . most of those with N.H.A. mortgages have annual incomes of $5,000 or more. Relatively few earning less than $3,600 a year finance the purchase of a house under the N.H.A. and yet the intent of the original national housing legislation was to assist those with modest incomes to own their own home."

That is a very pertinent statement. When the National Housing Act was put on the

statute books in the first instance its purpose was to give the man who wanted to buy his own home and who earned $3,600 or less the opportunity to purchase such a home. That is being denied today. I do not feel the present act is doing much to alleviate that situation or that the proposed changes will do so either. Despite the earlier statement respecting the point of view of the real estate agents, I am fully aware that even if we say to the individual that he can buy a home by paying $1,000 down it will be just as difficult for him to find $1,000 as $1,400. For that reason I commend to the minister's attention the suggestion made by the hon. member for Hamilton South respecting the rent-lease idea and also the suggestion of the hon. member for Restigouche-Madawaska who advocated following the same method used in the United States where a down payment of $400 on a $10,000 home is considered as sufficient.

I realize that there will be difficulties but the problem must be met. The objective in building homes is to provide homes for people who cannot afford the expensive type of luxury home because they do not earn enough to begin with or they have not even been able to save $1,000. In order to assist in financing I would urge the government to make use of the credit unions. Let the government make capital available to them so that they can make loans to their membership. In so doing the government will not only be helping the credit unions but also the individual who wishes to own his own home. I would say that the credit unions should have the same guarantee respecting housing loans as is now found under the insurance clause in the National Housing Act.

I should also like to draw the attention of the minister to a brief submitted to the former minister of public works by a large construction firm in the lower mainland of British Columbia. I am satisfied that when the Minister of Public Works hears the name he will recognize it. I refer to Greenall Brothers, a very well known firm. The management of the company was good enough to provide me with a copy of the brief and I should like to read parts of it and make certain comments with respect to the subject matter because I think this is going to be very pertinent not necessarily at the moment but in 1958 when we run into the problem of raising more money. The brief reads in part as follows:

> May we say at the outset that we are not against the principle of credit restriction as we feel the need for some control is self-evident in every car lot and appliance house across Canada . . .

That is self-evident. In that regard may I suggest that if the government should consider implementing credit restrictions at some future date those credit restrictions should not be imposed against a major industry such as the housing industry, as has been the case in the past year and a half, but rather against the use of credit to purchase smaller items such as appliances and so on. I believe that today there is some $814 million on the books of various merchants across the land. If that money were put into housing it would provide homes for a good number of people. But there is a more important point. It is not too difficult for the housewife to wait an additional six months to buy a General Electric teakettle at $14.95 but it is a lot more difficult to do without a home as so many people are wont to do because they do not have the wherewithal to purchase a home and they have pretty well used up their credit in some other way. The brief goes on to say:

> The firm of Greenall Bros. Ltd., have specialized in the production of low cost homes for income brackets of up to $4,000—

I should like the minister to recognize that fact. This firm has made it their specialty to make homes available to those with incomes of less than $4,000. I continue with the brief:

> The claim by C.M.H.C. that unsold N.H.A. homes in the Vancouver area constitute a surplus is not a valid one because the unsold houses are all at a cost level that effectively excludes the low income purchaser and we defy C.M.H.C. or any other body to show us unsold N.H.A. homes in the $9,000 to $11,000 cost range.

In keeping with that, Mr. Chairman, I have here a copy of the *Financial Post* of October 5, 1957 in which there is a table with the heading, "These Houses Didn't Sell." I find that 75 homes costing less than $10,000 did not sell. Between $10,000 and $14,999 there were 794, between $15,000 and $19,999 there were 671, over $20,000 there were 872 and there were 245 with regard to which the price was unknown. The total to the end of August was 2,657, and I would have you note, sir, that of the total of 2,657 only 75 of the homes costing less than $10,000 did not sell while 872 of those costing over $20,000 had not been sold or about one-third of the total number. The other figures are quite uniform, 794,671 and 872.

There, indeed, is the problem in a nutshell. The people who require assistance are not going to get it under the proposed changes in the act. Homes costing less than $10,000 represented only 3 per cent of the total number of homes still for sale at the end of August in the whole of Canada, a very nominal figure indeed. The brief to which I referred earlier continues in this fashion:

> The need for housing of low income workers is well established and through our agents we have a large number of people signed up as home owner applicants who are patiently awaiting what appears

to be a non-existent loan set-up in the face of a definite housing shortage; it now appears that we will have to return their deposits.

In many instances these people have been refused loans. I have not checked into this question too closely, but as I understand it they have been refused loans on the basis that the contractor has money made available to him other than under the National Housing Act. A contractor may be building National Housing Act homes, he may use other money as well. Within a short time that particular source dries up and he is left without the means of carrying on the housing scheme because Central Mortgage and Housing Corporation will not permit direct loans. The minister might care to comment on that later. I cannot vouch for the authenticity of this statement, but I did obtain that information by discussing the question with a building firm within the area. This seems to be part of the problem.

There is one other observation that this firm had to make, and I shall read again from this brief:

One of the most effective ways to control a wild building boom with its spiralling of land and building costs is to require that all sales be to home owner applicants.

I think that would be a desirable feature.

This would effectively cut out speculative building and stop over-production of housing units which are priced over the market.

Now, Mr. Chairman, because I am so short of time I shall not read any farther. Probably the minister has a copy of this brief available to him. If he has not I shall be delighted to send him a copy. I think it is one which should be carefully considered, because here we have one of the largest construction firms in the lower mainland of British Columbia giving us their views on the reasons why potential home owners are not able to purchase homes, that is individuals who are earning $4,000 and less. I believe those views are worth noting.

Just before closing, I have one further question. I should like the minister to comment on what our research laboratories have turned up in the last ten years which makes it possible to reduce the cost of building a house, either through a reduction in labour or material costs or a combination of both. I am particularly interested in that because I find we spend a great deal of time in this house discussing principal costs, interest costs and a thousand and one other things. We have spent many hundreds of thousands of dollars on our research branch, and I have yet to find a single item that has in any tangible way reduced the cost of construction to the potential home owners in Canada.

Mr. Green: Mr. Chairman—

[Mr. Hahn.]

Mr. Bourget: I hope the minister is not closing the debate.

Mr. Green: No, I am not closing the debate. We are in committee. I thought it might be helpful if I dealt with the points which have been raised by the spokesmen for the three opposition parties. I have no desire to stop my good friend from making a speech.

When I introduced this resolution on December 4, I pointed out that the legislation would have only two effects. The first one was to make more money available for Central Mortgage and Housing Corporation. The need for that additional money arose because our small home plan had been so successful. We had set aside $150 million for this purpose, and it was obvious that that money was going to be used up and further sums would be required. It was for this reason the government changed its plan and decided to introduce amendments to the National Housing Act at this session. When we were doing so, we decided we should at the same time amend the act to lower the down payments. There is a further change made by way of a change in the regulations, and that is to raise the percentage of a person's income which could be used to service a mortgage. This, of course, did not require any amendment to the statute.

I admitted on December 4, and I repeat tonight, that there are many other ways in which the Canadian housing policy could be improved. We are only too glad to get suggestions from any source, particularly from members of the house and also from firms such as the one to which my good friend the hon. member for New Westminster has just referred. Whenever we receive a brief it is given most careful consideration by the officials of Central Mortgage and Housing Corporation. We regard ourselves as being in business for the purpose of improving housing in Canada, and particularly housing for Canadians in lower income groups. However, this legislation before the house only deals with the two things; first of all, to make more money available and, secondly, to reduce the down payment.

There have been very worthwhile suggestions made by all three members who have spoken on this resolution today. The hon. member for St. Antoine-Westmount made a very thoughtful speech. It was quite obvious he had studied this question very carefully. He pointed out one of the main problems worrying me about housing. It is this. Next year, where is the money coming from to provide for the number of houses that should be built? The government obviously cannot take over the business of providing mortgage money. It simply cannot be done. What has already been done this fall has only been

done in the way of helping to meet an emergent situation. The bulk of the money for houses in Canada must come from the lending institutions whose business it is, and from the banks. It is at that point that the argument advanced by the hon. member for Regina City this afternoon falls to the ground. He advocated, and he moved an amendment in support of his submission, that interest rates should be reduced.

There is nothing the government would like more than to be able to reduce interest rates on housing. If those interest rates are reduced to the extent that the lending institutions and the banks will no longer lend any money for housing, then we are in a real tailspin in so far as housing in Canada is concerned. This is one reason why housing has fallen away in Canada this year. These institutions could do better by investing their funds in bonds and many other types of securities than they could by investing them in mortgages. That is one of the reasons why mortgage money dried up to such an extent in 1957. Another reason, of course, was the tight money policy of the former government. I think perhaps they will now admit that that is one of the reasons that housing fell away. I believe that housing was hit harder than any other activity in Canada by the tight money policy of the previous government.

Mr. Marler: I think perhaps that is more debatable than what the minister said earlier.

An hon. Member: It could not be more correct.

Mr. Green: It may be debatable. I am giving my opinion on the question. But there is the difficulty about lowering interest rates at the present time.

Mr. Ellis: Will the minister permit a question?

Mr. Green: Yes.

Mr. Ellis: How would the minister reconcile the statement he made just before five o'clock to the effect that the bulk of the money which would be lent would be lent through direct lending through Central Mortgage and Housing Corporation with the statement he made that we have to depend on the conventional lending institutions for the supply of mortgage money.

Mr. Green: In arguing that the amendment submitted by the hon. member was out of order I pointed out that the bulk of the money being advanced now is coming from government funds through Central Mortgage and Housing Corporation, and that is actually the case. But that situation cannot go on forever. That plan has been designed to meet a situation which I hope will be temporary.

Then the hon. member for St. Antoine-Westmount stressed the need for co-operation with the lending institutions, including the banks. I agree heartily with his submission. The hon. member for Regina City was critical of the lending institutions but my experience with this $150 million plan has been that we have had excellent co-operation from all of the lending institutions. It would have been quite impossible to get this $150 million out so quickly and to get houses started so quickly and thereby help to meet the unemployment situation if we had not had the closest co-operation from the lending institutions.

The hon. member for St. Antoine-Westmount also raised the question of lending values as did the hon. member for New Westminster. I agree that there has been a weakness there in the housing policy. Mind you, there is a reason for the position taken by Central Mortgage and Housing Corporation as there usually is for any of these policies that are adopted. In centres like Toronto, Vancouver, Ottawa, Winnipeg and some other cities in Canada the prices of lots have been skyrocketing and the officials felt it was unwise to include in lending value the total market value of these lots in cities such as those that I have mentioned. I have given instructions that that policy should be looked into and revised and I think you will now find that the lending values in these centres will be higher and more in line with the actual cost of the land. This is a place where improvements could be made and I think that under our new policy they will be made.

Then the hon. member for Regina City asked a question. I may say that the hon. member also made a very thoughtful speech. He has put a great deal of time on this housing question. I noticed in the last parliament that he spoke very well on all occasions on housing. He said, "Why could not the lending institutions lend more of their money on small homes?" He pointed out my remarks on December 4 to the effect that they had found it easier to lend money on big homes. The reason that the government has been able to channel this $150 million into the smaller homes is that we put on restrictions. We said that the house can only be a certain size and that if the house is over that size, they do not get the loan. The ordinary lending institutions cannot do that; it is impossible for them to carry out a policy of that kind. Our $150 million has been spent only in helping in the building of small homes.

The hon. member also dealt with the situation in Regina City and I sympathize with him in this matter because I had that situation before me just this week. In some parts

of Canada we are in trouble because we are insisting on lots being serviced with sewers. We are refusing to approve loans where there can only be septic tanks. In parts of greater Vancouver that does not make very much sense, in my opinion, and we are having another look at that matter. But in Regina the situation is exactly the opposite. There are lots which are serviced with sewers but they are in parts of the city where there are very old homes. There it has been felt that it would be unwise to build these new homes in among the old homes. Hence in Regina the policy has been exactly the opposite of what it has been in greater Vancouver. I had a letter from the city clerk of Regina just this week. The city council is complaining that we will not approve loans on these lots. Mind you, the reason that Central Mortgage and Housing Corporation officials have taken that stand is that they are trying to help Regina to build up the city on the basis of good town planning. I pointed out that that is not really our business, that it is the responsibility of the city to decide on town planning. Instructions have been given—yesterday, as a matter of fact, or Saturday, I forget which —that an official should go out to the city of Regina and look into this whole situation in the hope that we can change our policy and make loans available for homes on these lots. I agree with the hon. member that it would mean homes for people with smaller incomes and I am hoping that we can meet his complaint.

Then the hon. member for New Westminster said something about our plan being a lot of soothing syrup. I have here the figures up to four days ago and I should like to point out to him that in his own city of New Westminster this soothing syrup has meant 651 units being started, with loans of $6,228,610.54.

Mr. Hahn: Is that under the present act?

Mr. Green: That is before we get these improvements to the act. That is under the $150 million plan which has been in effect only for the last 12 weeks. We have put right into his riding—or it will nearly all be in his riding—651 new units with loans of over $6 million. I am sure there are many other members who would like to have soothing syrup to that amount.

Mr. Barnett: I wonder if the minister, while he is referring to the British Columbia figures, would give the latest totals for the entire province? He made some reference in his speech on December 4 to the fact that British Columbia was—

Mr. Green: Yes, Mr. Chairman, I would be very glad to do that because, coming from British Columbia myself, I have been very worried about the slowness with which builders there were taking advantage of this plan. When it was first announced, newspaper articles all said it was not half enough and it did lag quite a bit. But the total figures for British Columbia as of the 13th December were 1238 units for a total figure of $11,272,972.71. Now that deals only with approved loans and, for Canada, as of that date the total was $146,072,339. In addition there were potential loans of another $21,740,000 so that the British Columbia figure, including loans actually approved and loans on the way through, I should think would be close to $13 million or $14 million.

From now on, the west coast figures should go up much faster than anywhere else in the country because of the balmy climate there and other considerations.

Mr. Marler: No advertising please.

Mr. Green: The members from British Columbia will appreciate all those enviable advantages.

Mr. Pickersgill: That is not the only thing that is balmy.

Mr. Green: I was greatly interested in a report in the Vancouver *Province* just a week ago today, to which I would like to draw the attention of my hon. friend from New Westminster:

"Housing Loans Soar in B.C."

Mr. Marler: S-o-r-e?

Mr. Green: The hon. member for St. Antoine-Westmount will appreciate this article.

"Easier Money Boosts Sales"

The gloom which surrounded the housing industry earlier this year has rolled back as N.H.A.-insured loans hit new peaks and contractors report "amazing" pre-Christmas home sales.

Central Mortgage and Housing Corporation figures show the dollar value of loans in B.C. in November hit $7,662,000—more than 500 per cent over last November's total of $1,300,000.

The number of loans was 661 against 108 in November last year, and the number of units involved jumped from 128 to 772.

Of the 772 units authorized this November, 628 were agency loans financed by the $150 million released by the federal government in September to revive the sagging home construction industry.

"There is no doubt about it,"—

Mr. Marler: Did the minister write this himself?

Mr. Green: This is good, yes; this paragraph is good.

Mr. Marler: We recognize the Machiavellian hand of the minister.

Mr. Green: This shows that the "sore" part was before June 10.

"There is no doubt about," said Ted Ross, secretary-manager of the Vancouver Metropolitan Housebuilders' Association, "the change of government, the release of this money and the attendant publicity has revived confidence in the industry."

It has been like a shot of plasma into a vein. People aren't so worried about tight money and are buying homes again.

We are amazed at the number of new homes sold in the last few weeks. Usually people don't buy at this time of the year especially just before Christmas."

Mr. Marler: Miraculous.

Mr. Green: Coming from my own home town that is very sweet news.

Mr. Pickersgill: Is that why the minister is not going home for Christmas?

Mr. Green: There are very few of those homes going up in Vancouver-Quadra.

Mr. Marler: Very discriminatory.

Mr. Green: May I repeat, Mr. Chairman, that we are very glad to have suggestions about ways of improving housing policy. Of course we think it is pretty good, but the problem is very complicated and will require the most careful study by everyone having any responsibility in connection with it. I hope that the committees made up of members of the respective parties who have been studying housing will continue to do so. Central Mortgage and Housing Corporation officials will give such members every facility and then perhaps in the new session it will be possible to undertake a much wider revision of the National Housing Act.

In the meantime we are faced with this situation: We are asking for more money; we are asking to have these down payments lowered. We are right out of money now; we have reached the limit and we have got to get this legislation through. We have to convince the other place before they adjourn on Friday that the bill is a good one and I would be very hopeful for the co-operation of the members of this house in order that we may get these amendments written into the statute and made actual law.

Mr. Hahn: Before the hon. minister sits down, I wonder if he could explain to the house exactly what the research department is doing, if anything. I understand there is an amount there and I was wondering just what we were getting for it.

Mr. Green: The hon. member is referring to methods of building cheaper homes. That is a question which has also bothered me a great deal and, as he has said, there have been many attempts to lower the cost involved. I think the house builders of Canada, who have always been efficient, are steadily becoming more and more efficient but it does seem to be very difficult to prepare designs which will allow of a big decrease in the cost of homes.

For one thing every one wants all the latest improvements in a home. We are very conscious of this problem; it is one of the important jobs of Central Mortgage and Housing Corporation and whether it will ever be possible to make a drastic reduction in the price of homes, I do not know. There may be new materials devised which will bring about that result, but possibly people will continue to want better and better equipment in their homes and that may counteract whatever improvements may be found by research.

Mr. Marler: Before the minister concludes his remarks, could he tell us something about the grandiose measures of which the Solicitor General spoke early in November.

Mr. Green: Mr. Chairman, probably the Solicitor General had in mind the steps we have taken. I think the results that have been obtained from the policy this fall might almost be described as grandiose.

Mr. Pickersgill: Pie in the sky.

Mr. Macdonald (Vancouver-Kingsway): Mr. Chairman, may I ask the minister a question before he sits down. I wonder if the minister could tell the committee on what terms the lending institutions receive compensation when the loan is a direct government loan through Central Mortgage and Housing Corporation?

Mr. Green: In answer to that question I propose to quote paragraph 9 of the agency agreement for the administration of N.H.A. loans, the agreement made between Central Mortgage and Housing Corporation and the lending institution or what is called an approved lender. Paragraph 9 states:

For the making and advancing of loans, the corporation will pay to the approved lender a fee of

(i) $100 for each loan made in respect of a house other than to a builder;

(ii) $90 for each loan made in respect of a house to a builder;

(iii) $80 for each loan made in respect of one or more multiple family dwellings plus $10 for each family housing unit therein but not exceeding in any event a total fee of $300 for such loan;

Provided that no fee shall be payable hereunder for a loan which has been approved but on which advances are made.

Mr. Bourget: Mr. Chairman, I listened with great interest to the statement made by the Minister of Public Works when he introduced the resolution now before us. He said that the purpose of this measure in amending the National Housing Act of 1954 was to increase to $150 million the aggregate amount that

may be paid out of the consolidated revenue fund under subsection 1 of section 22 of the act, and also to provide for the reduction of down payments. Before dealing with the proposed amendments I would like to examine briefly what has been done by the previous government in this field and the results which have been achieved.

The first federal legislation of national significance was introduced in 1935 when the Dominion Housing Act was passed. The statute introduced the principle of federal participation in the financing of homes and rental housing projects through lending institutions. In 1938 a new act was passed which carried forward the same principle but added provisions for low rental housing. The 1944 act carried forward the joint lending but added a number of features. It provided for loans to individual home owners and to builders who could build houses for sale to home purchasers. The act also contained provisions for loans to limited dividend housing companies to provide housing for families of low income.

The administration of this act was carried out by the Department of Finance until January 1, 1946. At that time hon. members will recall that Central Mortgage and Housing Corporation was established in order to carry out the principal activity of the federal government in the field of housing. Between 1945 and 1954 there were eight significant amendments.

The most important modification to the National Housing Act was made in 1954 when the house adopted what is now known as the National Housing Act of 1954. In this legislation there were two main provisions. First, it was proposed to widen the group of lending institutions to include the chartered banks and the Quebec savings banks with power to make loans on the security of insured first mortgages on residential property. Second, it was proposed to abandon the existing form of joint loans under the National Housing Act and to substitute a system of insured mortgage loans. Besides that, it was proposed to reduce the down payment from the 20 per cent then required under the National Housing Act. Steps were taken also to extend the period of amortization from 20 years to 25 years.

The salutary effects of this new legislation were reflected all through the years of 1955 and 1956. Reference to statistics published by Central Mortgage and Housing Corporation shows that in 1955 the total of residential starts was 138,276, while the houses completed amounted to 127,929. In 1956 the corresponding figures were 127,311 and 135,700 respectively. It would be appropriate, I think, to mention here that it was in the middle of 1956 that the millionth post-war house was completed.

Again on April 23, 1956, the then minister of public works introduced a new measure for the further improvement of housing conditions. The main feature of this bill had to do with the widening of the scope of the existing legislation so that the development of cleared areas could be undertaken by private enterprises as well as public authority. A more flexible arrangement for the financial assistance offered to the municipalities by the federal government was also provided.

In addition the amount of loans for house improvement purposes was increased from $2,500 to $4,000 for the first dwelling and from $1,250 to $1,500 for each additional unit. Also, the aggregate amount of loans that could be insured by Central Mortgage and Housing Corporation under part I of the act was increased from $2 billion to $4 billion.

This, Mr. Chairman, shows that the statute under the Liberal government was kept constantly under review and provisions were added to meet new situations as they developed from time to time. It shows also that we did recognize the importance of this problem, having in mind its social repercussion and also that housing is part of our economic growth.

Coming back to the resolution, I must admit, Mr. Chairman, that although I approve of it, I find it far from what was expected from the present government having in mind the criticism and promises of its supporters when they were sitting on this side of the house. We recall the hue and cry raised by opposition members of that time who were claiming that people in the lower income groups could not avail themselves of the benefits of the act. We also remember their strong opposition to the government announcement of an increase in interest rates on loans made under the act. Well, to be consistent with their past attitude, they should have raised the same objection on October 28 last when the Minister of Public Works informed the house that in order to follow the upward trend of the interest rate structure the government had by order in council increased the interest rate on loans made under sections 16 and 17 of the act.

Even if the provisions contained in the present resolution are acceptable, the government is certainly not making good its promises. The fact that an amount of $150 million is placed at the disposal of the prospective borrowers and that the down payment is lowered does not mean that a great

many more people of modest means—and I insist on that—will be in a better position to take advantage of the provisions of the act. In fact, these two amendments will not in any way decrease the monthly payments that a borrower will have to make even if the regulation is amended to permit applicants to assume debt service up to 27 per cent of their incomes.

Figures show that for a loan of $9,000 the monthly payments will be no less than $78 or $80 to amortize the capital and to pay for interest and taxes. If we add to these payments the ordinary expenses for maintenance, heating and insurance, it is only logical to assume that from a practical point of view a borrower who wants such a loan will have to earn a salary or have at least an income of $85 a week. According to statistics supplied by the Central Mortgage and Housing Corporation, on page 6 of the booklet entitled "Canadian Housing Statistics", the report for the first quarter of 1956, the average income of the people who have bought houses under the act has shown an increase from $5,023 in 1955 to $5,300 in 1956 and, according to the latest information, it has reached $5,700. Consequently I think that the Minister of Public Works is very optimistic when he states that those with an income of $3,450 a year will qualify for loans of $9,000.

The minister mentioned that in order to help people build small houses restrictions were placed primarily in the nature of limitations on the floor area. For example, he said that the average floor area of bungalows under this plan would be 1,014 square feet compared with an average of 1,137 square feet for bungalows financed by National Housing Act loans through approved lenders during the year 1957.

Even if these restrictions are imposed I do not believe the cost would decrease sufficiently to benefit lower income people; certainly not those who live in the province of Quebec. In fact, in our province we find that the average weekly salary is $65, which represents an annual income of $3,380 before tax deduction. From that we can see that it would be very difficult for the great majority of our wage earners to meet payments on a $9,000 loan. The minister may indulge in illusions but I am quite sure he will be disappointed with the result.

Speaking for myself, Mr. Chairman, I think if the government really wants to fulfil its promises and at the same time make it really possible for those with moderate means to take advantage of the provisions of the act it should first of all lower the interest rate and also extend the period of amortization. On such an important matter as this I see no reason at this time why our fellow citizens should not benefit from an interest rate lower than 6 per cent. Within the last few weeks we have often heard the Minister of Finance say that inflation has been checked. Moreover, the government during this session has granted loans without interest to the western farmers for the storage of their wheat. On December 3, a resolution was carried unanimously in the house for a loan of $4 million, at an interest rate of 4⅛ per cent, to the commissioners of the Hamilton harbour board.

We have now on the order paper a resolution of the Minister of Finance in which the government is asking authority to make a loan of $30 million to the government of New Brunswick at an interest rate of 4⅜ per cent. In the circumstances, I feel that similar preferential treatment should be granted to the people of moderate means who would like to build houses by lowering the actual interest rate on their loans to 4½ per cent, at least to those who earn less than $5,000 a year.

With regard to interest rates, I think the task of the Minister of Public Works could be simplified in the province of Quebec if he asked his colleagues to help him convince the premier of our province to extend the 3 per cent interest rate reduction to those in Quebec who are desirous of securing loans under the National Housing Act.

As far as the amortization period is concerned, I think that if it were to be extended to 35 years or, better still, to 40 years, as recommended by the national house builders association, this would in effect substantially reduce the monthly payments.

I also wish to take this opportunity to raise another point which in my opinion is of vital importance to the population of the province of Quebec. To my knowledge, during the many years that the federal act has been in existence, the citizens of my province have benefited on one occasion only from the provisions of sections 23 and 36 dealing with grants to municipalities for the clearance of substandard areas, which are commonly called slums, and from federal-provincial projects respectively. When most of the other provinces were benefiting largely from these provisions and were building low-rental housing we in Quebec were merely looking on. Therefore, we missed a good chance of solving in some degree, at reduced costs, a problem which is just as acute in my province, if not more so, as in any of the other provinces. In that field, as in the trans-Canada highway program, we have lost millions which could have been used to such great advantage.

National Housing Act

On November 7, 1957, *L'Action Catholique* of Quebec city published a resumé of a brief prepared by the local section of the Quebec retail lumbermen's association, endorsed by five provincial organizations of the district. Under the subheading "Municipalities" the brief stated:

> The municipalities of the metropolitan area, and particularly of Quebec, should also intervene. The National Housing Act provides for loans and assistance from the Central Mortgage and Housing Corporation for slum clearance. Through the Central Mortgage and Housing Corporation the federal government assume a large portion of the expenses incurred by the demolition of decrepit houses and the improvement of blighted areas.

A little farther on, under the subheading "The Province", the brief states:

> The most productive part rests with the government of the province. It could have a most effective action on the present contingency . . . by enabling citizens to avail themselves of the provisions of the national act as well as those of the provincial act.

In this connection, the brief states:

> We do not see any justification in the attitude which insists that these two acts are incompatible. No one gains by it and the citizens of the province of Quebec lose a great deal.

Once again, Mr. Chairman, we find that the people of our province deplore, and rightly so, the fact that their provincial rulers have refused in the past to make it possible for their fellow citizens to benefit fully from the National Housing Act, as did other provinces.

I trust that the Quebec members on the government side, who are friends of the provincial premier, may at last convince him to help our towns and cities by making it possible for them to benefit from the provisions of the act, and thus bring about a solution to the crucial problem of slum clearance.

Before closing, Mr. Chairman, I wish to say to the minister that his words of commendation regarding the Hon. Robert Winters and the officers of Central Mortgage and Housing Corporation are fully deserved. I am convinced that they have each one within the scope of his responsibilities striven to find the most suitable solutions to promote and help the construction of new homes in Canada.

Mr. Regier: Mr. Chairman, we in the province of British Columbia were rather pleased when the minister was appointed Minister of Public Works. We do not know what type of engineer he is going to be and how he will work out as Minister of Public Works. However, with regard to the matter of housing, a subject which is of such vital concern, the people of British Columbia will always have a most sympathetic and understanding man as minister.

[Mr. Bourget.]

We have arrived at a time when we have to take a look at what is happening in the field of housing. For some years we had considerable difficulty with the former minister in that he continually refused to acknowledge that a serious situation was beginning to develop nationally from the point of view of housing shortage. For an explanation of that attitude on the part of the then government we have to look at a statement made by the Right Hon. C. D. Howe on February 13 of this year when he was reported as having said that the record suggested that we had been building more houses in Canada in the last few years than the current rate of family growth in the country appeared to warrant. I believe he had reached the conclusion that it would be in the best interests of the country if there was a slow-down in the rate of house construction, and that was rather evident from the policies that were being pursued.

I do not wish to indicate any opposition whatsoever to the resolution but I should like to examine the National Housing Act to some extent. I should like to pay tribute to the work that has been accomplished under the provisions of the act over the years. I hate to think of what kind of housing situation we would be faced with if the former government had not initiated the act, in 1945 I believe. I should also like to pay tribute to the officials. I feel that within the limits of their powers they have in the main done whatever they were able to do to make the act a success.

However, I do submit that the National Housing Act has not met the housing needs of the Canadian people. We have only to look at the statistics to see that that is so. We find that since 1945 there has been a growth of 4,517,000 in Canada's population. That indicates an approximate need for one and one-third million new housing units. I submit that that number is far in excess of the number of new housing units built since the war. I believe we have approached the million mark but we have not anywhere met the needs of our growth in population. I have here housing bulletin No. 35 of the Vancouver housing association dated October, 1957. It deals with the local scene and in the first paragraph they say:

> According to provincial government estimates, the population of B.C. increased by 88,500 people or over 6 per cent during the year ended June 30, 1957. At 3½ persons per household, this means a requirement of some 25,000 housing units. During this period 15,000 dwellings were completed, indicating a shortage of no less than 10,000 units in a single year.

This year there has been heavy immigration into Canada. I have the annual report here and it indicates that 164,856 people entered

Canada in 1956. I believe that the figures for 1957 will show that over 200,000 people have come to this country. If anyone cares to dispute what I have said, let me submit the problem to another test which to my mind is the acid test of whether the housing shortage is becoming worse or is being alleviated. I refer to the level of rents. I believe that the shortage of homes determines the level of rents, and we have not seen any major reduction of rentals since the war. The general movement of rentals has been upward and in my opinion that indicates beyond doubt that the situation is becoming worse instead of better.

The hon. member for Regina City went to some length to explain that the act has failed us in another respect. It has failed us in that the wrong people are receiving help from the government. I was very pleased to hear the minister express his sentiments when he indicated that he was most concerned about enabling people with low incomes to obtain housing accommodation. I submit to the minister that in the main the act has completely failed the people of Canada in this regard ever since it was first initiated.

I know that the theory can be put forward that if a rich man builds a home he moves out of his old home and therefore another housing unit has been made available so why should we worry about who gets the new home. To me that represents the philosophy of the crumbs falling from the table and the little people getting the crumbs, a philosophy to which I cannot subscribe. I think even the minister will agree that when the revenue of the government of Canada and the taxation of the nation are used to supply housing a responsible government will make every effort to make sure that government action will be the instrument to help those who really need help and that the National Housing Act should not be used to assist in the building of homes for people who can go to orthodox financial institutions and arrange their own financing. Where do the two-thirds of our people in the lower income category obtain money in order to secure housing? In order to show how serious the situation is I should like to place on the record a few advertisements taken from the Vancouver *Sun* of Saturday, December 14. Under "Money Wanted"; we find:

> First mortgage 7 per cent, $3,250 buys $4,000 at $45 a month.

Farther down, there is another ad:

> First mortgage, $2,000 bonus, $5,050 buys $7,050 first mortgage payable at $71.50 per month, 7 per cent.

Then, there is the address where you apply. There has been a long list of these advertisements for first mortgages at 7 per cent or more which are being discounted at 25 per cent or more, and second mortgages are worse. I have a letter here in which a man informs me that to get a second mortgage of $1,500 he signed a second mortgage for $2,000; he paid a bonus of $300; he paid a commission of $200, and he paid lawyer's fees of $38. There was paid out to him a net payment of $1,492. The interest rate was 7 per cent. I was very interested in noting that the terms of repayment were $61 per month. In other words, there was only a three-year agreement. Now, the ordinary people of Canada are being taken for a ride, a harsh ride and one that they can ill afford.

Here we have the government of Canada spending hundreds of millions of dollars a year on housing and that money is not being made available to these poor people who are in such desperate need. I realize the minister would like to limit discussion on this resolution because he believes the matter is rather urgent. However, he is asking for an increase in the capitalization of this institution, and I feel that subject is weighty enough. The minister himself has indicated that at a later date he hopes to bring in a broad revision of the act and therefore a detailed reaction of the members of the house at this time might serve a useful purpose by making sure that when the complete revision of the act does come it will contain something that will be really worth while for the Canadian people. Food, clothing and shelter, we say, are the prime necessities of life. In dealing with housing, one is dealing with shelter and I think this debate is just as important as any wheat debate in this house.

The economy of my province depends very heavily on a prosperous housing industry. Not only is our population growing at such a rapid rate, largely because of immigration into the province that we have a housing need, but also, Mr. Chairman, half of our people earn their living directly from the lumbering industry. At the present time we have much more than our share of the unemployed of our nation. There is nothing of which I can think that is as helpful in relieving unemployment as a real shot in the arm for our housing industry.

The resolution, Mr. Chairman, calls for an increase in the amount of money allotted under section 22 of the act from $250 million to $400 million. I should like to say to the minister that I believe this committee would have welcomed the raising of that amount even higher. I see no reason why it should necessarily be limited to $400 million. After all, $400 million accounts for only 40,000 houses, in effect, and we are today building each year 100,000 fewer houses than our

nation really needs. We in this group have long advocated the establishment of a national investment board which would look after such social needs as housing.

However, if the minister feels that he cannot go along with that, might I recommend to him that a national housing bond issue be made. I noted that the other day the Minister of Finance did not have any difficulty at all in having the latest Canada savings bond issue oversubscribed. As the hon. member for Regina City said, we should make some move to lower the interest rate to those who need homes. The issuance of a national housing bond series at 3½ per cent I feel would make a billion dollars available. The government might then turn around and let the people who need this money most have it at cost.

I feel the minister might also investigate whether or not greater use could be made of the credit union movement. Lately this movement has, because of the need of its members, gone to great lengths in supplying housing money across the country. I feel the movement has now reached the age and gained the experience which would warrant the government granting it more recognition and making greater use of this medium. It is obvious that private sources of mortgage money at modest interest rates are disappearing. They have been disappearing ever since 1951, ever since the great expansion in our industrial empire began to take place. The insurance companies and the mortgage companies have shown less and less interest in supplying the money needed in the housing field. I recall when the former government brought the banks into the housing field. They did this for an excellent reason, and the reason was that the insurance and mortgage companies were rapidly leaving the field. The banks had to be brought in because apparently at that time they were the only source available of investment money.

At that time we in this group warned the government of the day that bank investments in the field of housing would last only so long, and then would level off. Today the banks, in the main, are only investing in housing the mortgage money that is repaid, and they are only investing that percentage in housing that has a relationship to the growth of the assets of the bank. Once again we have reached the end of the rope. Some day the government will have to realize that unless they are going to exert some pressure on the existing institutions they will have to take over this responsibility of supplying money.

I was not very happy, Mr. Chairman, with the answer the minister gave to the question asked by the hon. member for Vancouver-Kingsway. I believe the question referred to the fees paid to approved lenders by the government when they handle government money. The minister read out a table of fees from an agreement. I am not going to argue with that reply. However, if the hon. member for Vancouver-Kingsway did not mean to ask this question, I mean to ask it. When the government supplies money to an approved lending institution at 3¾ per cent or 4 per cent—we do not know what the rate is—how is it that the lending institution in turn can charge the purchaser of a home 6 per cent? I never before knew of a table of fees. I hope the minister is going to reply to this question. Does the lending institution receive 2 per cent or 2½ per cent on the handling of government money and, in addition to that, receive a fixed fee as well? If that is so, I feel that there is something wrong.

Mr. Green: On that point, Mr. Chairman, may I say that these fees are paid to the lending institutions only when they lend the money on behalf of Central Mortgage and Housing Corporation. That has nothing to do with the ordinary loans which are insured under the insurance requirement.

Mr. Regier: In other words, I take it that this $150 million which the minister made available some months ago did not involve the use of the scale of fees?

Mr. Green: It is that money that was subject to a fee because the lending institution lent it out on our behalf. Under the ordinary insured loan, those loans are made in the name of the lending institution itself and the government or Central Mortgage and Housing Corporation merely insures those loans.

Mr. Regier: From the minister's reply I take it that even though the purchaser pays 6 per cent and the cost to the government of this money is maybe 4 per cent, Central Mortgage and Housing Corporation receives the remaining 2 per cent. Am I right in assuming that?

Mr. Green: At the moment Central Mortgage and Housing Corporation is paying 4⅜ per cent on the money. Then the fee to the lending institution is two-thirds of one per cent.

Mr. Regier: If 4⅜ per cent is the charge made for the money and two-thirds of one per cent is the fee, in my books that does not yet add up to the 6 per cent that the purchaser must pay.

Mr. Green: The purchaser pays 6 per cent.

Mr. Regier: What I want to know is this. What happens when I go to the Bank of

Montreal and obtain a National Housing Act loan. The minister has told us that he is now supplying this money to the extent of $150 million because they were unwilling to lend on, or did not have any more money to devote to housing. I take it they are getting that money from Central Mortgage and Housing Corporation for 4 per cent, or as the minister says 4⅜ per cent. Yet I as a purchaser must pay 6 per cent. Then the minister says in addition to that there is a scale of fees.

Mr. Green: In addition to the figures I gave to the hon. member there is an administration fee of one-half of one per cent per year.

Mr. Johnston (Bow River): Does not the purchaser have to pay 2 per cent insurance?

Mr. Regier: I know that after I finished grade three arithmetic I went to grade four and then to grade five. Let us see if we can get a little bit more information. To my way of thinking 4⅜ per cent plus ⅜ of one per cent plus ½ of one per cent do not add up to 6 per cent yet. The thing I want to point out is this. In 1953 I took rather severe objection to the handling of government money as the situation existed prior to that provision, in that N.H.A. loans were supplied, 75 per cent by the lending institutions and 25 per cent by the government at that time. Government money was made available at cost to the lending institution. The lending institution added profit into that interest rate which was charged to the purchaser. That procedure, as the minister knows, was abolished when we amended the act.

At present we are again entering an era apparently where government money is being handed over or lent to the lending institutions. What I want to make sure of is this. I must say that the lending institutions and the banks especially have done recently a most remarkable job. The banks have reached many thousands of people in Canada which the lending institutions prior to that time refused to deal with. However, what I want to make sure of is that these institutions are not making a rake-off on the Canadian people's money and on these National Housing Act loans. If people lend out their own money, that is an entirely different matter from that of using the taxpayer's money for that purpose. I hope that later on we can get a little bit clearer answer to that question.

I have noted in the past considerable condemnation of municipal governments for their failures to take advantage of the provisions of the National Housing Act. I feel that in the main these criticisms have been most unwarranted. I hope the minister, by means of regulation if he does not want to amend the act in that respect, will see whether things cannot be made much more attractive to our municipal governments across the country.

The hon. member for Regina City spoke of lots selling at $2,000 and said he thought that was an extremely high price. The minister knows full well that the average modest National Housing Act lot in his community and in mine is in price away over and beyond the $2,000 which the hon. member for Regina City thought was very expensive. If the municipal governments were given a little bit more encouragement I feel that many more of them would make lots available at a much more modest price.

The minister spoke of the down payment and he is also amending the regulations so that those devoting 27 per cent of their income towards meeting payments will be eligible. I think the minister was slightly contradictory on December 4 when he was asserting that this change in regulations would make more people eligible because, only a few sentences ahead of that, he admitted that naturally when you lower the down payment there is a larger amount owing and therefore the monthly payments are higher. Therefore, unless we amend the regulations, we shall be eliminating an even larger share of low income people. I just wonder why the 27 per cent was arrived at. Is the difference between 23 per cent and 27 per cent the percentage that is needed to keep the minimum income requirements at the same level as it was previously, or has there been any extra allowance in this change of the regulation? If that is so, then we might be guilty of misleading the people if we say that now more of them will be eligible because of this amendment.

The lowering of the interest rate proposed by the hon. member for Regina City would reduce the cost and would make more people eligible. I think that the principle is sound, as did the hon. member who preceded me. He pointed out a number of instances in which government money is being made available for all kinds of other interests in our nation at a lower rate. After all, housing is one of the basic needs of our Canadian people and there is no valid reason why this government should make loans to pipe line companies or any other industrial enterprise at a rate lower than that which the people of Canada are obliged to pay for housing.

I know that, if certain people had their way there would be a great deal of money available in the housing field. There is a very simple answer to the problem and that is to allow the interest rate to shoot away up high. I hope that is not going to be the philosophy

that this government will adopt, namely that in order to obtain this money they will have to raise interest rates so high that they begin to compete with industrial enterprise in our country. I think those days are gone forever.

I should like to make just a few proposals.

I think the minister's regulations need amending in such a way that no man continuing to live in the same community can become eligible more than once for N.H.A. approved loans. I have witnessed considerable speculation on the part of people earning a fair income who, being very eligible for an N.H.A. approved loan, will move into a new home and the minute they have moved in the house is listed for sale. They bide their time and they can make a few thousand dollars, and they then move out of that house and in a new N.H.A. approved-loan home. I think that is something into which the minister might well look; I think it is an abuse for which this act was never intended.

I wish the minister would also order a comparison to be made as to why houses built under veterans legislation enterprises are so much more successful in meeting the real needs of the people than are those built under the National Housing Act legislation. I think there are many features of the veterans housing from which we might take a lesson.

The Chairman: I am sorry to interrupt the hon. member but I must advise him that his time has expired. Shall the resolution carry?

Mr. Green: I wonder Mr. Chairman, if by any chance this resolution could be put through this evening and then hon. members could speak on the bill either on second reading or when it is in the committee stage. Otherwise we may not be able to get it to the other place this week which will mean that this legislation cannot become law. As I have pointed out in my earlier remarks, we are already over the limits allowed under the statute as it stands at the present time.

Mr. Chevrier: Although we have one or two members on this side of the house who do wish to speak on this subject, we would be willing to proceed as the minister suggests, provided we would be allowed to make speeches tomorrow at the second reading stage as if we were on the resolution.

Mr. Barnett: This sort of suggestion has been made a number of times before, Mr. Chairman, and then when we get to second reading we have found that some of the broader aspects of the matter under discussion were difficult to discuss because of the question of relevancy to the strict terms of the bill. I hope that if the suggestion which the minister has made is agreed to, at least as far as he is concerned he will allow us reasonable latitude in which to discuss the strong and the weak points of the matter, as we see them.

Mr. Green: Mr. Chairman, I will certainly raise no objection to discussion being on just as broad a basis as it could be under the resolution.

Mr. Chevrier: Mr. Chairman, the understanding I had was certainly on that basis and I am sure that is what the minister had in mind, namely that speakers on this side of the house would want to have full latitude to discuss the bill as if it were on the resolution.

Mr. Hahn: Just before the motion carries, Mr. Chairman, we in this group are likewise prepared to follow the suggestion of the minister on the understanding that we will be allowed greater latitude in discussing the bill than just the individual items called for in the amendment.

Mr. Knowles (Winnipeg North Centre): I have just one other question, Mr. Chairman. May I ask the minister if what he said a moment ago forecasts that if this resolution is passed tonight, we will take second reading of the bill tomorrow?

Mr. Green: Yes, that is what I had in mind.

Resolution reported and concurred in.

Mr. Green thereupon moved for leave to introduce Bill No. 238, to amend the National Housing Act, 1954.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Chevrier: May we have the business for tomorrow?

Mr. Green: Tomorrow, Mr. Speaker, we shall commence with this bill and then follow the order which I announced last night: Item No. 18 on today's order paper, a resolution dealing with the Unemployment Assistance Act; then item No. 2 on today's order paper, the house in committee on the bill concerning a branch line for the Canadian National Railway Company; item No. 3, house in committee on an act respecting the Hamilton harbour commissioners; then item No. 4, house in committee on an act to amend the Canadian Vessel Construction Assistance Act; item No. 8, second reading of the amendment to the Pension Act; then resuming the debate on the second reading of Bill No. 16, an act to provide for annual vacations with pay, which is item No. 6 on today's order paper.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

SURPLUS LABOUR AREAS

Question No. 282—**Mr. Stewart (Winnipeg North):**

1. How many surplus labour areas are there in Canada as of the latest date?
2. How many persons are registered for employment in each area as of the latest date?
3. How many persons, single and married with families are receiving federal assistance to move to jobs elsewhere, in the past 12 months?

Answer by: **Hon. Michael Starr (Minister of Labour):**

The Minister of Labour under the provisions of order in council P.C. 1954-15/501 of 8 April, 1954, may designate certain areas as labour surplus areas for the purpose of providing transportation assistance under certain conditions to workers proceeding to employment from such areas. Assuming the question deals with areas so designated the answers are as follows:—

1. Five areas are designated as labour surplus areas at the present time. These are the areas served by the local offices of the unemployment insurance commission at New Glasgow, N.S., Springhill, N.S., St. Stephen, N.B., Windsor, Ontario, and Tilbury, Ontario —the latter being a part only of the area served by the local office at Chatham, Ontario.

2. The number of persons registered for employment on December 5, 1957, at local offices of the unemployment insurance commission serving these areas was as follows:—

New Glasgow	2,358
Springhill	845
St. Stephen	1,883
Windsor	14,052
Chatham	2,385

(Data are not available on the number of persons resident in Tilbury who are registered for employment at the Chatham local office.)

Questions

3. The dates at which the above areas were designated as labour surplus areas were as follows:—

New Glasgow, October 1, 1957; Springhill, October 1, 1957; St. Stephen, October 1, 1957; Windsor, May 15, 1957; Tilbury, October 29, 1957.

Since designation at these dates, a total of 16 workers received assistance in the form of transportation to move to employment from these areas. In addition, transportation assistance was provided, since December 1, 1956, to one worker and to the dependants of two other workers from the Sydney, N.S., area which was until December 31, 1956, designated as a labour surplus area.

POLIOMYELITIS STATISTICS

Question No. 295— **Mr. McMillan:**

1. What was the incidence in Canada of anterior poliomyelitis for the years 1955, 1956 and 1957 to date?
2. What number of cases resulted in death or in some form of paralysis?
3. How many children and adults have received the full complement of Salk vaccine?
4. Is the future supply of Salk vaccine likely to be ample?

Answer by: **Hon. J. W. Monteith (Minister of National Health and Welfare):**

1.

	Cases
1955	1,021
1956	607
1957 (preliminary figures to Nov. 30)	279

2.

	Deaths	Paralytic cases
1955	36	551
1956	51	369
1957 (preliminary figures to Nov. 30)	16	176

3. To July 1, 1957, the total number of persons vaccinated was approximately 3,800,000 of whom it is estimated 1,800,000 received 3 injections.

4. Yes.

HOUSE OF COMMONS

Wednesday, December 18, 1957

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Sixth report of standing committee on miscellaneous private bills.—Mr. Rea.

STARRED QUESTIONS

UNITED DISTILLERS LTD.—INCOME TAX

Question No. 44—**Mr. Knowles (Winnipeg North Centre):**

1. Has the government, at any time since June 21, 1957, reviewed the income tax file of United Distillers Limited in the light of discussions in the House of Commons, as recorded at pages 6595-6597 of *Hansard* for June 23, 1954, and at pages 1738-1739 of *Hansard* for March 4, 1955?
2. If so, what is the result of such review? Have any facts been brought out (a) which can be made public; (b) which cannot be made public because of the secrecy provision in section 133 of the Income Tax Act?
3. If the answer to question one is no, is such a review under consideration?

Hon. G. C. Nowlan (Minister of National Revenue): The answer to the first part of the question, Mr. Speaker, is no. The second part of the question is not applicable in view of the answer to the first part. As to the third part, in view of the fact that the matter has been raised I am prepared to consider with the officers of the department what review, if any, should be made of this matter.

PRINCE EDWARD ISLAND CAUSEWAY

Question No. 49—**Mr. Kirk:**

What have been the results to date of the investigation being made into the feasibility and practicability of the proposed causeway to Prince Edward Island?

Hon. Howard C. Green (Minister of Public Works): The Department of Public Works has undertaken a drilling program to examine the type of rock which could be obtained from Cape Tormentine close to the existing ferry terminal. A second investigation has been made to determine the cost of providing the present ferry transportation between Borden, Prince Edward Island, and Cape Tormentine, New Brunswick. The department is not in a position as yet to make any definite announcement with regard to the result of these investigations.

FISHERMEN'S UNEMPLOYMENT INSURANCE BENEFITS

Question No. 50—**Mr. Kirk:**

1. For each province, how many fishermen (a) have applied for fishermen's unemployment insurance benefits; (b) are in receipt of such benefits?
2. For each province, what is the minimum, maximum, and average weekly benefit?

Hon. Michael Starr (Minister of Labour): The answer to the first part of the question is that any information regarding fishermen's benefits will not be available until after the close of the month of December. The answer to the second part is the same as that to the first part.

QUESTIONS PASSED AS ORDERS FOR RETURNS

C.G.S. SHIPS—EMPLOYMENT PRACTICE

Question No. 48—**Mr. Fisher:**

1. What is the practice in hiring men for C.G.S. ships each season?
2. Have members of parliament, from whose constituencies the ships sail, given those in charge of hiring any lists of eligible employee possibilities?
3. If so, what members of parliament?

MOTOR VEHICLE CHASSIS PURCHASES IN CANADA

Question No. 289—**Mr. Thrasher:**

1. Is the government giving consideration to the purchase in Canada of the following vehicle parts: chassis for fire trucks, chassis for snow-removal trucks, chassis for refueling trucks?
2. If so, how many such chassis have been purchased in Canada between June 21, 1957, and December 1, 1957?

BUSINESS OF THE HOUSE

QUESTION ON ORDER PAPER DROPPED

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, with the consent of the house I should like to have permission to drop question No. 205 on the order paper.

Mr. Speaker: Dropped.

Question dropped.

AGRICULTURE

STATEMENT AS TO STATUS OF SENATE COMMITTEE ON LAND USE

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Bellechasse asked me the following question:

Could the minister tell the house if the important special committee of the Senate on land use established by the former government will continue to function?

Inquiries of the Ministry

The government leader in the other place informs me that the special committee of the Senate on land use has been re-established under the chairmanship of Senator C. G. Power, under whom it has already had several sittings during the present session.

PRICE STABILIZATION LEGISLATION—POSITION OF FARMERS' UNION OF ALBERTA

On the orders of the day:

Mr. Victor Quelch (Acadia): I wish to address a question to the Minister of Agriculture. Has the minister received any communication from the farmers' union of Alberta regarding the bill to stabilize the price of farm products? If so, what was their reaction?

Mr. Speaker: Order. This question is of a kind that we have had before anticipating a matter which is on the order paper, and which I believe is to be discussed today if it is reached. It seems to me that questions of that kind should be deferred until the matter comes before the house rather than be asked during the question period.

Mr. Quelch: It will not be reached this week, Mr. Speaker.

Mr. E. G. McCullough (Moose Mountain): I might say that I do not believe Bill No. 237 is on the order for today's business. I should like to ask the Minister of Agriculture, as a last ditch effort, if he will give consideration to the withdrawal of Bill No. 237 and the introduction of a bill providing for price stabilization based on parity for agricultural products?

Mr. Speaker: Order. I must rule this question out of order, in view of the pending discussion before the house of this matter.

Mr. Solon E. Low (Peace River): I should like to direct a question to the house leader. Can the house leader say now whether or not he expects to call Bill No. 237 for second reading this week? Bill No. 237 is the bill sponsored by the Minister of Agriculture for the stabilization of prices.

Hon. Howard C. Green (Minister of Public Works): Yes, Mr. Speaker, we hope to be able to do so.

INQUIRY AS TO INTRODUCTION OF FURTHER LEGISLATION THIS SESSION

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): I should like to direct a question to the Acting Prime Minister. Is it the intention of the government to propose any new legislation during the present session which will give a shot in the arm to the agricultural industry?

[Mr. Harkness.]

Hon. Howard C. Green (Acting Prime Minister): I am passing that one to the Minister of Agriculture.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, in reply to that question—

Mr. Speaker: Order. That question is in the same category as the others. We had a last ditch stand down there, and I do not think we ought to cross that ditch.

FINANCE

CANADA-UNITED KINGDOM LOAN AGREEMENT—WAIVER OF INTEREST ENTITLEMENT

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I wish to direct a question to the Minister of Finance and in his absence to his parliamentary assistant. Has an official request been made by the United Kingdom for a waiver of the interest payment on her post-war loans from Canada?

Mr. Richard A. Bell (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, under an act passed at the spring session of the last parliament amending the United Kingdom Financial Agreement Act, 1946, the government of the United Kingdom has the right to defer payment of the annual instalment of principal and interest for the year, provided that no more than seven instalments may be so deferred.

Last week the Minister of Finance was advised by the high commissioner of the United Kingdom in Canada that his government would avail themselves of this right to deferment in this year. I believe yesterday an official announcement to this effect was made in the House of Commons at Westminster. The house will perhaps be interested in knowing that the amount involved for principal is $15,777,822.67 and for interest $21,932,432.33 or a total of $37,710,255. I understand, sir, that similar deferment action has been taken in respect of the United States loan.

ADMINISTRATION OF JUSTICE

QUEBEC—REPORTED ESTABLISHMENT OF INTERMEDIATE COURT OF APPEAL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Justice. In view of the statement in this morning's press by the premier of Quebec that a revised bill establishing a new intermediate court of appeal will be presented to the legislature to set up a seven man court of review, whose judges would be appointed by

the federal government, may I ask the minister whether there has been any consultation with him in connection with this bill, and whether a decision has been reached to introduce concurrent legislation in the house?

Hon. E. D. Fulton (Minister of Justice): I thank the hon. gentleman for giving me notice of his intention to ask this question. In reply I can advise that ten days or two weeks ago we received a copy of the bill introduced in the Quebec legislature. We have had the matter before us for consideration, but before any decision could be reached my attention was drawn to the statement appearing in this morning's press to which the hon. gentleman has referred; and under the circumstances, as the government of Quebec proposes to revise the bill, we are simply leaving the matter open for decision when the Quebec legislature will have finally dealt with it.

EXTERNAL AFFAIRS

CANADA HOUSE, NEW YORK—INQUIRY AS TO DECISION ON RENTAL OF SPACE

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Acting Prime Minister in his dual capacity as Acting Prime Minister and Minister of Public Works. Will he consider deferring any commitments on the rental of space in Canada house, New York, until the external affairs committee has had an opportunity of hearing witnesses and perhaps having the Secretary of State for External Affairs explain the decision of the present government to reverse the decision of the former government concerning the rental of this space?

Hon. Howard C. Green (Acting Prime Minister): I think that question contains some facts which are not facts, but I will be very glad to look into the situation.

HIGHWAYS

INQUIRY AS TO FEDERAL POLICY ON SHARING OF COSTS

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to direct a question to the Minister of Public Works. Has the government determined what its highway policy is to be, particularly with regard to sharing in the cost of highways leading from provinces into federal territories?

Hon. Howard C. Green (Minister of Public Works): This question is being given very careful consideration, but at the moment I am not in a position to announce any policy.

TRADE

LEAD AND ZINC—STATEMENT CONCERNING STEPS TAKEN TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Yesterday the hon. member for Kootenay West asked a question from which I read the following:

> In view of the serious threat to the economy of the base metals industry in the proposed increase in the tariff on lead and zinc entering the United States . . . will the minister inform the house of the definitive steps being taken by the government to protect Canadian interests?

I was asked this question some days ago, and explained that there was constant contact with the United States government. I think all I can add to what I have previously said is that our embassy in Washington has this matter constantly in mind and is constantly in touch. As a matter of fact, the Department of Trade and Commerce had their last communication with the embassy this morning. I think I can assure the house that every effort is being made to omit nothing that can assist this situation.

Mr. F. G. J. Hahn (New Westminster): Might I ask a supplementary question of the Acting Minister of Trade and Commerce. I regret I did not have time to give him notice, so perhaps he may wish to take this question as notice. In view of the widespread interest in the problems facing the base metals industry would the minister consider making a statement regarding the present position in which the industry finds itself?

Mr. Macdonnell: After having heard the question of my hon. friend I think I had better take it as notice.

AUTOMOBILES—STATEMENT ON EXPORTS TO ASIAN COUNTRIES

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): While I am on my feet may I answer two other questions, one from the hon. member for Essex West, who asked:

> Is any consent of the government of the United States required for the export of automobiles from Canada to communist China?

The answer is that the consent of the United States is not required before an export permit is granted for the shipment of automobiles to communist China.

Inquiries of the Ministry

U.S. RESTRICTIONS ON CANADIAN EXPORTS TO COMMUNIST CHINA

On the orders of the day:

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, on the same day the hon. member for Kootenay East asked this question:

Under the existing Canadian-American defence agreements, could a United States company prevent one of its Canadian subsidiaries from accepting orders for non-strategic materials—for example, automobiles—from the republic of China?

The answer to that question is that the United States government has no legal or formal power of control over the activities of subsidiaries of United States companies in Canada and there is no agreement between the two governments to that effect. The only way in which it could affect the exports of these subsidiaries is through its influence with parent companies. Since the Canadian government would not be a party to any arrangement of this kind if it were made, I cannot give any answer on that subject.

Mr. D. F. Brown (Essex West): May I submit a supplementary question. Would it be appropriate, therefore, for a large United States company having an affiliate in Canada to prohibit a Canadian exporter from exporting to communist China on the ground that it, the company, is not in a position to furnish a quotation because of policies of the United States government?

An hon. Member: Order paper.

Mr. Brown (Essex West): This is because of regulations issued by the treasury department—

Mr. Speaker: Order. I think the hon. member has completed his question.

Mr. Brown (Essex West): Not quite, Mr. Speaker. I have just about done so. If you will permit me to complete it, I shall be glad.

Some hon. Members: Order.

Mr. Speaker: It seems to me that the hon. member has completed his question and is now proceeding to give facts which are not necessary to the answering of the question.

Mr. Brown (Essex West): No, I am not, Mr. Speaker. You may rule on the matter.

Mr. Speaker: I will hear the remainder of it.

Mr. Brown (Essex West): This is because regulations issued by the treasury department, foreign assets control department, had placed an embargo on shipments by United States companies and their affiliates, and further because these regulations are applicable to transactions involving the United States parent company as well as the affiliate company in Canada. I hold a copy of the letter in my hand.

[Mr. Macdonnell.]

Mr. Speaker: Perhaps I should leave the matter to the minister, but it seems to me the answer the minister gave, to the effect that the action of the United States government with respect to United States companies was beyond the jurisdiction of this government and not a proper subject of question to this government because it has no responsibility in the matter, applies also to the further question, and that such question should not be asked of this government.

Mr. Brown (Essex West): I quite agree with you, Mr. Speaker, that as far as United States companies are concerned the United States government has control over such United States companies. What I am asking is this. Is it appropriate for a large United States company having an affiliate in Canada—this is an affiliate, not a subsidiary—to prohibit a Canadian exporter from exporting to communist China, and so on?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, if this question is a proper question under any circumstances, surely there can be no doubt that it should be placed on the order paper rather than be asked on the orders of the day.

Mr. Speaker: I cannot see that it is a proper question and I must rule accordingly.

WHEAT—PROVISION OF CREDIT FOR POLAND

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Might I ask a question of the Acting Minister of Trade and Commerce based on a press report in the Regina *Leader-Post* of December 13, wherein the Polish chargé d'affaires in Ottawa is quoted as saying that if better Canadian credit were forthcoming, Poland could afford to buy even more wheat this year. Would the government consider extending credit beyond the three-year term, so that Poland and other countries that have shown interest in this matter may purchase substantially increased quantities of wheat?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, as I said before, the government is considering the question of extending credit to a whole series of European countries and, as I have also said, I do not think it is in the public interest to give details of these matters while discussions are going forward.

Mr. Argue: Then may I ask a supplementary question. Are the reports received correct, that the Canadian government is refusing and has refused to grant credit in excess of three years?

Mr. Macdonnell: Mr. Speaker, I am not going to answer that question. I have previously made it clear that I think the people who are negotiating should be left free, and I think I would be doing a disservice to the whole cause of selling wheat if I allowed myself to be drawn into giving this detail and that detail. It could only embarrass those who have the responsibility of making deals.

We have, however, every hope that as a result of negotiations substantial sales of wheat will take place. I am going to stick to the position, therefore, that I think to be drawn into giving this and that detail would be harmful to those who are carrying on the business.

Mr. Argue: I wonder if the minister would care to answer this question, then. Is it not a fact that no person or no organization in this country is opposed to credit extensions beyond the three-year period?

Mr. Speaker: Order. The hon. member has had two replies, and I think he is pushing this matter beyond where it should go.

DISCUSSION OF BRITISH AND CANADIAN PROPOSALS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Acting Minister of Trade and Commerce, for whom we all have deep respect and who has displayed a great knowledge of trade matters—and I say that very sincerely—if we are to conclude that the presence of the Minister of Finance in Paris at the moment indicates the government's intention that members of the delegation now in Paris will discuss with their opposite numbers in the British government the free trade proposal and the proposal of the Prime Minister of Canada for the transfer of purchases from one friendly country to another, and if advantage will be taken of the presence of Canadian ministers to pursue these discussions?

Hon. J. M. Macdonnell (Acting Minister of Trade and Commerce): Mr. Speaker, the Minister of Finance will be back in a day or so, and it seems to me he would be the best person to answer this question if he should wish to do so.

Inquiries of the Ministry

POWER

NOVA SCOTIA—STATEMENT ON POTENTIAL SITES FOR THERMAL PLANTS

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the hon. member for Comox-Alberni asked a question yesterday along these lines:

. . . Were the Inverness coal fields overlooked in a survey of potential sites for maritime thermal power development? . . .

In answer to the question I can give him the assurance that the Inverness coal fields were not overlooked by this government as a source of power in the maritime area. It is for that reason, among others, that this government has agreed to pay a subvention on any coal produced in the maritime area and used in the production of thermal electric power in the maritimes.

In regard to the choice of sites in the Montreal Engineering report, which did look into the position in respect to pit-mouth sites, the engineers concluded that such a central station is not considered practical at the present time and recommended that steam plants be built reasonably close to load centres, and be on tidewater.

PUBLIC SERVICE

ATTITUDE OF GOVERNMENT TO SENIOR CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister. In view of the tributes to our civil servants which were paid from all quarters of the house a couple of days ago, will the Prime Minister state the government's position with respect to the charges which are still being made by the hon. member for Victoria, British Columbia (Mr. McPhillips) that many senior civil servants and even deputy ministers are Liberal partisans doing wilful damage to the government? Does the government doubt the loyalty of any senior civil servant or any deputy minister?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I have already expressed my views with regard to the service rendered by the senior civil servants to the present government when I closed the debate on the motion for the address in reply. In addition, I have taken the same stand on several occasions outside the house and today again I say on behalf of the government that we have had splendid co-operation from the senior civil servants and that in our opinion Canada has the best civil service in the world.

It would have been quite impossible for a new government to have taken over the leadership of this country without great upset had it not been for the loyal co-operation given to us by the senior civil servants, and members of the government believe that this same loyalty and this same co-operation would have been given to any new government, no matter what party might have been elected to power.

These men and women have chosen the civil service as a lifetime career; all their energies are devoted toward making that service efficient, and improving it, and we feel they are doing a splendid job for Canada.

LABOUR CONDITIONS

UNEMPLOYMENT—GOVERNMENT REPLY TO PROPOSALS OF MEMBER FOR VANCOUVER-BURRARD

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to address this question to the hon. member for Vancouver-Burrard, but in his absence I will address it to the Minister of Labour.

In the light of the statistics supplied us yesterday by the dominion bureau of statistics with regard to the serious unemployment situation could the minister indicate the nature of the reply of the government to the excellent proposals which the hon. member for Vancouver-Burrard has made with regard to this urgent matter?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, perhaps I might answer that question. Members of the government are very glad to receive representations from the hon. member for Vancouver-Burrard or from the hon. member for Burnaby-Coquitlam or from any other hon. member. These representations, as they come in, are given very careful and serious consideration, and the results appear from time to time in announcements of government policy.

NATIONAL HOUSING ACT

AMENDMENTS RESPECTING AGGREGATE AMOUNT AVAILABLE, DOWN PAYMENTS, ETC.

Hon. Howard C. Green (Minister of Public Works) moved the second reading of Bill No. 238, to amend the National Housing Act, 1954.

He said: As the house knows, I dealt with this matter on December 4 in introducing the resolution and again last evening, and I have nothing further to add.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I wish to express my appreciation, though not without certain reservations, of Bill No. 238 now before the house, amending the National Housing Act to increase from $250 million to $400 million the aggregate amount that may be paid out of the consolidated revenue fund under this act and also to provide for a reduction in the down payment.

Mr. Speaker: Order. Will the house settle down as quickly as possible so we can hear the hon. member for Gloucester.

Mr. Robichaud: After studying the bill I am convinced that the amendments will not reach the objective they are intended to reach so far as the Atlantic provinces are concerned.

When late in November, a week or so after a premature announcement was made by the Solicitor General, the minister announced that an additional $150 million would be made available for lower cost housing mortgages, he stated that the changes had been introduced partly to help maritime residents take advantage of the scheme. On October 25 last, as reported at page 398 of *Hansard*, in answering a question put to him by the hon. member for Bow River, the Minister of Public Works stated that as at October 18, 1957 two of the Atlantic provinces, Newfoundland and Prince Edward Island, had not as yet taken advantage of the additional $150 million which was made available for housing late last summer and which the minister stated was so successful. Out of this amount 50 units only had been approved in New Brunswick and Nova Scotia, involving a total of $430,000, which represented less than 3 per cent of the amount made available for loans in late August.

From April 1 to November 30 of this year, only 90 loans had been approved in the province of New Brunswick, for a total of $500,000, with 240 loans in the Atlantic provinces for a total of less than $2¼ million. This total amount for the Atlantic provinces is somewhat lower than the loans which were approved for the city of Windsor alone during the same period.

On October 28 I directed a question to the Minister of Public Works, asking whether Central Mortgage and Housing Corporation had accepted the recommendations of the national retail lumbermen's council in order to stimulate the house building program mainly in the Atlantic provinces. In his reply the minister stated that the brief submitted by this association was being given very careful study by Central Mortgage and Housing Corporation.

At a later date, on November 4, as reported at page 703 of *Hansard*, I again asked the minister whether he was prepared to advise

the house that Central Mortgage and Housing Corporation had reached a decision to implement the recommendations contained in the brief submitted by the national retail lumbermen's association. In his reply the minister stated that as yet no decision had been reached in regard to the matter submitted in the brief to which I was referring. I followed immediately with the following question:

> Does the minister realize that a very small proportion of that amount of $150 million is now going to the maritime provinces?

The minister immediately stated that the blame for so small a portion of this money being taken up by the Atlantic provinces rested with the builders in the provinces, or other bodies. He added:

> The money is there, available, and if applications for it are not made, responsibility for that rests with the people in those provinces.

I regret, Mr. Speaker, that I cannot agree entirely with this statement by the minister. If the Atlantic provinces are not taking full advantage of the National Housing Act, as is so obvious from reports and statistics from Central Mortgage and Housing Corporation, it is not because the people of the Atlantic provinces do not want and do not have need for these loans; it is because they cannot meet the high standards and requirements of the act.

The brief submitted to the government by the national retail lumbermen's council of Canada, following a resolution dealing with low cost housing passed at their eleventh annual meeting held at Clear Lake, Manitoba in September of this year, clearly indicated that there was a reluctance on the part of lending institutions and on the part of the low income groups of Canadians to assume contracts under the National Housing Act and regulations. As statistics will show, there is a decreasing number of people in the low and middle income brackets who can obtain loans under the present regulations.

If the new act as amended is going to be of advantage to the Atlantic provinces, where we have at present an acute shortage of houses and an overabundance of lumber available, together with an unprecedented number of unemployed seeking employment, immediate steps should be taken to amend the requirements or standards of the National Housing Act. The suggestion made by the national retail lumbermen's council in their brief that the owner's labour be taken into consideration, together with the cost of his lot, could have beneficial effects in increasing the number of loans which could be approved by making it possible for a larger number of prospective home owners to raise the initial deposit or down payment required.

In reply to another inquiry which I placed on the order paper and to which I received a reply on Monday, November 11, we were told that the average loan by Central Mortgage and Housing Corporation in New Brunswick from April 1, 1956 to March 31, 1957, amounted to $9,865, while in the period April 1, 1957, to October 31 of this year, the average loan amounted to $10,339, an increase of $474 per loan. These figures do not seem to justify the statement made by the minister when, as reported at page 703 of *Hansard*, in replying to my question he said that the government was very much interested in the plan inaugurated a few weeks ago under which it had set aside $150 million for the construction of low priced homes.

When on October 16 I asked the minister whether any action had been taken by the government to give further consideration to the building of low cost houses which are badly needed in the maritimes, the minister stated in his reply, as reported at page 36 of *Hansard*:

> The hon. member apparently has not familiarized himself with the policy which has been adopted and which is designed to help in the building of low cost homes. It is having that effect; the average price of the homes being built under this policy is a good deal lower than was the average under the policy which was followed by the former government.

That was the reply I received from the minister. It is obvious that the statement I have just read does not agree entirely with the statistics or figures for the Atlantic provinces, where loans from April 1, 1957, to October 31 of this year average approximately $500 more per unit than during the previous fiscal year. If the amendments to the present act are to be of any advantage to the Atlantic provinces; if we in the maritimes are to derive any benefits from this additional $150 million now being made available for the construction of houses, further changes are required in the National Housing Act and regulations. This is the objective I had in mind when, since the opening of the present parliament, I have on many occasions insisted on the implementation of the recommendation included in the brief submitted by the national retail lumbermen's association.

We have in the Atlantic provinces an extremely large number of wage earners whose total income varies from $45 to $60 a week. These are the people who are in urgent need of shelter or new houses. These are the people who cannot qualify under the present regulations and will not qualify even under the amendments which are presented to us for consideration. These are also the people who, if loans were made available, could build new houses and provide an extremely

valuable market for our oversupply of lumber and labour such as we have today in the Atlantic provinces.

The changes suggested in the act, such as to permit a borrower to commit up to 27 per cent of his income instead of the present 23 per cent in mortgage payments, cannot be considered as a service rendered to the wage earners of the country notwithstanding their urgent need for new homes. The interest should be reduced and the amortization period extended in order to facilitate the application of the act by making it possible for average members of the low income group to qualify for loans.

The government may have made a step in the right direction, but the proposed legislation does not go far enough and is not quite practicable. No man earning less than $4,000 a year can tie up 27 per cent of his income in mortgage payments and at the same time provide for his family. Any man earning less than $4,000 a year should be given at least 40 years to repay and his interest should not exceed 5 per cent.

The type of home referred to by the minister as low cost housing or cheaper homes could almost be considered small palaces or luxury homes for the average wage earner of the Atlantic provinces. If the present government is consistent with regard to its so-called new policy enunciated recently by the Prime Minister with respect to the Atlantic provinces, then the minister in charge of the National Housing Act should find out to what extent the people of the Atlantic provinces can take full advantage of the act even after the amendments proposed in the bill are passed by the house.

It may be permissible for the minister to tell the prospective home owners of New Brunswick or Nova Scotia that the money is there and is available, and that if applications are not made the responsibility rests with the people of the Atlantic provinces. But, Mr. Speaker, how can our maritime people take advantage of these loans if the regulations are enacted in such a way as to make it almost impossible for them to qualify? Unless our workers earning from $45 to $60 per week can qualify for loans of $4,000 to $5,000, then the statement made earlier by the minister to the effect that the changes have been introduced to help maritime residents to take advantage of the scheme will not be applicable or at least practicable.

In conclusion, I again urge the minister to give very serious consideration to the possibility of amending the regulations and the standard requirements of the act in order to make it possible for the class of wage earners I have mentioned to qualify for loans. Only then will the act be of real advantage to the Atlantic provinces and more particularly to the low income bracket working class, which is so common in the provinces concerned. More new homes in the Atlantic provinces will mean more work for our unemployed, a better standard of living for our workers, additional markets for our lumber and better living conditions for all.

Mr. W. G. Beech (York South): Mr. Speaker, in rising to take part in the debate may I on behalf of the people of York South whom I have the honour to represent congratulate the Minister of Public Works on the decision to make available another $150 million for the purpose of low cost housing, and all that means to the people of Canada. When we consider that the average income of those building under the National Housing Act in 1956 was $5,300 and in 1957 is $5,800, and that the average income across Canada during that period was $3,300, it is quite evident that there are many thousands of our people who are unable to build their own homes at present-day costs.

The new regulations covering lower down payments and the increased percentage of income that may be applied to National Housing Act loans make it possible for those with incomes as low as $3,450 to qualify for loans, but these regulations still do not help those having incomes of $2,000 to $3,000 a year. Therefore I am particularly pleased that part of the amount being granted is to be used for the construction of low rental housing.

It is apparent that those in this group cannot afford to pay the high rents now being required, and I believe it to be the duty of parliament to assist in the provision of decent housing for those citizens who, through no fault of their own, cannot afford the type of home in which the future citizens of this country should be raised. Anything that may be spent on this type of housing will be more than saved by lower welfare and health costs and through the type of citizen that will result. Many of our young married couples are refraining from raising families today because of the lack of the type of housing in which they believe their children should be raised.

The growing success of projects now being built for elderly persons under the limited dividend section of the National Housing Act indicates the manner in which low rental housing may be provided for those in the low income brackets without too much cost to the people of Canada. It is to be regretted that

the government has found it necessary to increase the interest rate under this section, as there is a danger that it may curtail the building of these homes.

An indication of the growing cost of this type of project may be seen when it is pointed out that when the Beech-Hall project mentioned in the house by the hon. member for York-Humber and the hon. member for York West was first contemplated the interest rate was only 3 per cent, while now it is 4½ per cent. We were able to rent the Beech-Hall apartments at $29 to $35. Now we have to charge from $35 to $44 for similar projects. The latest project being planned by the Metropolitan Toronto Housing Company will probably cost $40 to $50, which is about the limit that should be charged for this type of housing.

The fact that the Ontario government makes an outright grant of 5 per cent of the capital cost up to $500 per apartment and the British Columbia government a grant of 33⅓ per cent indicates how much these governments appreciate the desirability of this type of housing. Most of these projects are being built by municipalities, although organizations such as the Canadian Legion have built or are building similar projects. I believe these organizations should be encouraged to continue to build and sponsor such projects, and thus release a new source of funds for low rental housing.

It is my opinion that in order to encourage these people this section should be amended to provide an interest rate of 3 per cent, and the 5 per cent profit allowed under the act should be increased in order to encourage more builders to take advantage of the act and to make the loans by Central Mortgage and Housing Corporation more realistic. It is interesting to note, although no mention of low rental housing was made in the speech from the throne, that since the government took office 5,845 units for rental to those with low incomes have been built, are being built or the contracts have been awarded by C.M.H.C. Of this number 2,860 units will be self-sustaining and 2,985 will be subsidized. This total is more than the previous government built during the past several years.

There is another phase of housing that has produced many hundreds of homes for veterans in Canada. I refer to part II of the Veterans' Land Act. Those who have been privileged to see the developments under this section must be pleased with the results. This section allows veterans to build their own homes under the guidance of officials of the Veterans' Land Act administration. Money is advanced without interest by the department to enable the veteran to purchase materials and pay tradesmen until the home is completed, when a mortgage is arranged by Central Mortgage and Housing Corporation which then takes over responsibility. As this involves delays occasioned by reason of duplications in the two departments, the Canadian Legion has asked for some years that part II of the Veterans' Land Act be brought under the complete control of the Veterans' Land Act administration, inasmuch as it concerns veterans only.

The people of Canada have shown their confidence in the financial stability of the nation by their ready acceptance of the last two government bond offerings. I am wondering if any consideration has been given to authorizing Central Mortgage and Housing Corporation to offer to the Canadian public mortgage bonds, just as other public utilities throughout this country have done, as a means of obtaining funds for making direct loans.

These observations, Mr. Speaker, indicate some of the facets of this very important problem. We appreciate the courtesy of the minister in making available to the committee the experts from Central Mortgage and Housing Corporation. The attention given by officials of that organization to questions asked by members of this house satisfies me that this government is sincere in its desire to provide decent housing for the people of Canada. I have no hesitation, therefore, in supporting this bill.

Mr. Louis Lewry (Moose Jaw-Lake Centre): Mr. Speaker, I suggest to the minister that the changes proposed in the National Housing Act will only add to the ability of persons to go deeper and deeper into debt. The changes will mean actually that while the down payment will be less, the loan will be greater and the interest will be greater.

Nothing is being proposed and nothing has been done in the past to get at the crux of the housing problem in Canada. The need is not to provide housing that people cannot afford, but to provide low cost housing for the large number of Canadians who cannot afford these homes which are above their income levels. In the last three years the average cost of a dwelling in Canada has increased by $2,000. There are 62 per cent of Canadians who earn less than $3,000, and they are the people who cannot afford adequate housing. They are also the people who are being forced to pay rents far above their earning capacity.

The National Housing Act provides now, and has provided in the past, assistance to those whose incomes are in the better than

average class. Nothing has been done to assist the larger percentage of people in low income groups who should own their own dwellings.

There is a job to do as long as any of our citizens do not have adequate housing. I echo the recent editorial statement of the Regina *Leader Post* that what the government should do at this juncture is put a firecracker under Central Mortgage and Housing Corporation's tail and tell it to get cracking immediately to provide the requisite leadership for a reduction in housing costs.

A well illustrated news story in the December 13 issue of the *Christian Science Monitor* tells of the development of plans in the United States for a three-bedroom home at a cost of $7,500. Here in Canada we have a news story in the Toronto *Globe and Mail* that Central Mortgage and Housing Corporation has joined the toy testing committee of the Canadian association of consumers to see what can be done about what might be called educational doll's houses in Canada. The newspaper added that as the result it may not be long before a split level doll's house is on the market. While I do not wish to prevent Central Mortgage and Housing Corporation from playing with dolls, I think it would be more appropriate if the government organization put its experts to work on providing actual low cost housing.

A few years ago the city of Moose Jaw completed arrangements under a tripartite agreement for the construction of 75 rental homes in the city which I have the honour to represent. We were one of the very few Canadian cities to take advantage of that part of the legislation, yet we had to prove beyond a doubt that there was definite need for at least three times that number of rental homes in the city. The tripartite arrangement is a step in the right direction, but much more is needed to provide adequate housing for people who are now forced to live in tar-paper shacks and converted box cars in this land of free enterprise and milk and honey.

The trouble under our economic system is that half the people do not know how the other half lives. Our housing is the worst example of our inability to plan for our own people. We read almost daily news stories of children losing their lives in fires the cause of which could be traced back to inadequate housing. This government should take a realistic, positive approach to a program to make sure that all our people have adequate, safe, sanitary and comfortable dwellings.

The land assembly plan under the tripartite arrangement of the act is not used too extensively to make serviced land available for housing development. In Moose Jaw it has now taken over three years to get a land assembly plan under way, and the lots there will not be available until next spring. In the part of the city of Regina that is within my constituency, the northern part of the city, serviced land is waiting for a development. The minister referred to this area last evening when it was mentioned by the hon. member for Regina City. Despite constant efforts by Regina contractors and citizens, every effort to make the land available for N.H.A. housing has been rejected. Continuing refusals have been made to requests for loans for houses at Premier place, Coronation park, Highland park, North Annex, North Annex additions, Glen Elm park and Rothwell place, subdivisions in Regina.

Most of the lots already serviced in these areas are city-owned, but loans, I am told, will not be granted. Such loans are available, however, for the development of privately owned lands on the southern outskirts of Regina. Last evening the minister suggested that loans had not been approved in the past for these areas because of the fact there are some very old homes there. This is only partly true, Mr. Speaker, and I suggest the minister has been misinformed.

These areas are in my constituency, as I have mentioned, so I know them. Notwithstanding what apparently has been reported to the minister, there are some new homes going up in one particular area where National Housing Act loans have been refused. These homes are being built by ordinary working people proceeding bit by bit. The people want to build in the area, the lots are serviced, and the fact that people have built new homes all around these areas suggests that the sites are desirable. The loans, however, are not obtainable.

The Regina city council passed a resolution to which reference was made by both the minister and the hon. member for Regina City last evening. It reads in part:

> That in view of the recent announcement by the federal government that a further one hundred and fifty million dollars will be made available for low cost housing with a reduced down payment, that this council request Central Mortgage and Housing Corporation to approve such loans in all areas of this city that are serviced with sewer and water and zoned residential—

The minister announced that an official was to look into the whole situation there. This is a step in the right direction, but it all depends upon who this official interviews in Regina. If he sees the same people who have been pressuring for the development

of the higher priced, privately owned lots south, east and west of the built-up area of Regina, he will come back with the same old information. There are some smaller contractors in Regina and some members of the Regina city council who represent this northern part of Regina who have been pressing their case for months. These people should be interviewed and their opinions obtained.

May I suggest that while the official is in the suburbs of Moose Jaw he might be advised to visit the officials of that city. If I recall correctly, a further application for another 75 rental homes under the tripartite agreement has been pending for many months. I am sure the city officials of Moose Jaw would be very much interested in reviewing the situation in regard to these homes and the long delayed land assembly plan with a view to speeding up these arrangements.

In conclusion, Mr. Speaker, I respectfully urge the minister to make the National Housing Act serve the purpose for which it should be intended, to provide housing for people who need it; not to provide accommodation for higher income groups only but for the lower income groups as well.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, I should like to say a few words on the matter which is presently before us. The order paper states that we are discussing a measure to amend the National Housing Act of 1954, which has as its purpose increasing from $250 million to $400 million the aggregate amount that may be paid out of the consolidated revenue fund under section 22 of the act, and also to provide for a reduction in down payments. Last evening we listened to the affable Minister of Public Works as he explained the purpose of this measure. During his remarks he showed considerable confidence with respect to the achievements these amendments would bring about. He painted a very rosy picture.

Sir, there are serious shortcomings in this bill which would indicate otherwise. Any consideration of the bill and the implications of its text necessitates, I think, a consideration of several broader aspects of the housing problem in this country. In doing this it will become obvious that there are serious and embarrassing facts which we must face squarely. Perhaps the advantage of doing that is that it may spur us on to more equitable legislation with respect to housing.

An illustration of what I have in mind is seen in a clipping from the *Financial Post* of December 14, where on the first page there appear a few figures of some considerable interest to all those who are interested in seeing the national housing problem solved. I read:

> You pay a high price for slums. They bring in only 6 per cent of total city tax revenues (reports Montreal's planning director C. E. Campeau), but they account for 33 per cent of total population, 45 per cent of major crimes, 60 per cent of tuberculosis victims, 35 per cent of fires and 45 per cent of total city service costs.

The measure itself is positive proof that previous government appropriations and policies have been quite inadequate to meet the needs of the people in the matter of their housing requirements. In my opinion we have never had really vigorous action in this field. I think we have been far too slow and ineffective in handling this problem. There is definite room for improvement. I believe we should profit to a greater extent by our past mistakes. In contrast to what has been accomplished thus far I honestly believe that the Twenty-Third parliament of Canada has a splendid opportunity to demonstrate that Canadian democracy can be made a dynamic process, and that we can do big things for all classes in our society who may be in need of better housing.

The bill proposes amendments which deal with only two aspects of the problem; first, an increase of $150 million in the aggregate amount and second, some reduction in the down payments. I must say that these are two worth-while purposes. As indicated by the hon. member for New Westminster last evening, these are forward steps and we in our group will support them. We hope they will make a contribution to the stepping up of the housing construction program in our country.

However, I cannot escape the feeling that to the extent that this is all that is being proposed, we have here nothing more than a few patches placed on already out-dated legislation which is inadequate and not in keeping with the requirements of our time. One of the obvious shortcomings in the proposal is that it does not make any provision for reducing the present excessive interest charges on loans, and for longer terms for amortization. These possibly would contribute to a more equitable solution of the housing problem. What our economy needs most at this time is bold government action against high interest rates, which have contributed to inflation more perhaps than any other factor.

Another tragic aspect of the existing housing program is the fact that there is too little provision for people who need help most. We are supposed to be interested in the common man, but there is no equality of opportunity for small income groups—elderly citizens, veterans, labouring men with large families—if they are unable to take advantage of available legislation providing assistance in home ownership. If we really believe in equality of opportunity I believe their

special problems deserve our special attention at this particular time.

May I point out that the old age pensioners, the people on low incomes, are least able to take on any additional financial burdens at this time. Hence the reduced down payments proposed will not, in my opinion, help them very much. It is true that the down payments are proposed to be reduced, but at the same time the carrying charges and the required monthly payments have been considerably increased right across the board.

I mentioned equality of opportunity. May I say that equality of opportunity to these people in the low income groups can only come through amendments which (1) provide reasonable interest rates; (2) extend the terms of repayment of loans; (3) provide income tax exemptions on interest payments made in connection with home ownership; (4) substantially reduce required down payments; (5) provide government policies which aim at a program of minimum rent public housing projects designed for those on the lowest rung of the economic ladder, and in this category a housing program suited to the comforts and needs of our elderly people in the country; (6) permit a complete re-examination of taxing laws, sales and other tax reductions on essential building material, these with a view to reducing the high cost of construction. An example of what happens when prices come down is seen in a report in the latest edition of the *Financial Times*, that one real estate firm in the city of Toronto reported the sale of 70 houses in one subdivision in four days when the builder dropped his prices; (7) bring an energetic program for slum clearance as well as one to produce better and more functional homes for the rural population.

I feel that these are basic requirements which deserve attention in considering amendments to the housing act. I believe we must recognize that there is a shortage of purchasing power in the hands of the people, and that it is time our taxation and fiscal policies took this fact into account. Until we recognize this situation as the principal consideration in formulating a program, decent homes and stability for Canadians will be difficult to achieve.

Continuation of policies that plainly place our people deeper and deeper into debt is not the solution. As an example of the trend which has developed in that connection I should like to point out that to a question I asked a few days ago with respect to the gross national debt I received an astonishing answer. The question was:

> In terms of dollars, what is the present position of the federal government of Canada respecting (a) gross national debt including all liabilities; (b) public debt in terms of per capita liability?

[Mr. Holowach.]

The answer to the question was that at March 31, 1957, the total gross national debt of the nation was $18,326,200,000. The second portion of the question read:

> Since its inception, what is the total amount of interest that has been paid on the nation's debt?

The answer to the question was to March 31, 1957, $9,924,493,432. That is an example of a trend and situation existing in other fields, for instance in personal, small business, municipal and provincial debt. I suppose the aggregate debt of all those agencies and fields must be staggering. It has always seemed strange to me that in a country such as Canada, housing and shortage of accommodation should ever have been allowed to become a persistent national problem. It is difficult to understand, considering that Canada is probably the largest and certainly the finest lumber producing country in the world. Our unemployment situation is worsening. There are many skilled hands to do the job of building. Many of our people are living in substandard dwellings and under overcrowded conditions. Hence it cannot be said that there is a lessening of demand for homes.

Clearly the problem is not what it would be if we had tens of millions of people. Our population is only 16 million. In relation to area the population density per square mile is approximately 4. Compare this figure with a country like Great Britain whose population is approximately 52 million, with a density of some 542 to the square mile. What about the situation in a country such as the Republic of West Germany? Their population is 52 million; yet in relation to the area, some 528 people are crowded into every square mile of that country.

What are they doing about their housing problems? Well, if we review the history of the remarkable recovery in those countries it is plain to see what can be done when money is not the limiting factor, and the only limiting factor is the physical capacity to do things. In a small book published by the press and information office of the federal West German government I was surprised to read that the turnover in the whole home construction industry in 1955 was over $4 billion. In our country in the 12 years of the activities of Central Mortgage and Housing Corporation they have approved some $3 billion worth of mortgage loans. In the official report published by the West German government, I see this interesting comment. In 1955 alone the number of newly constructed apartments totalled 541,000. Since 1950 a total of $9.8 billion has been expended in erecting apartment buildings and further, in 1955, nearly 49 per cent of the total expenditure on housing was accounted for in the

capital market, approximately $2.4 billion. These broad figures relate to the amount of capital invested in home construction.

Housing is centred on government aided social housing projects, as in the erection of apartments for which rent or other charges are kept at a low level by the means of loans at low rates of interest and with long-term amortization, within the reach of the broad masses of the population.

Their first housing act provided that a total of 2 million apartments of this kind should be built between 1951 and 1956. For the years 1957 to 1962 provision is made for a further 1.8 million apartments of the same kind. At first the majority of apartments completed contained few rooms, but larger apartments are now being constructed in a much greater ratio. In 1955 more than half the new apartments had four or more rooms including the kitchen.

Well, now, that is a small nation with limited material resources and possessing a special problem of meeting the requirements of some 11 million refugees and expellees. That that country is able to make such an impressive housing program presents, it seems to me, a sharp contrast to our own slowness. It also indicates how much more we in Canada could accomplish.

Let us look at what has happened in a country closer to our own. In its 24 years of operation the United States federal housing administration has insured over $40 billion of home mortgages and property improvements. Translated into the number of families affected this means that one out of every three families in the United States has benefited. These are outstanding accomplishments, and suggest that in the field of housing similar potentialities exist in our own country. One fact is clear, that of all the problems we face in this great country of ours the housing problem is, to say the least, the most embarrassing.

Who is to blame for all this? To be honest about it, I believe it is the horse and buggy thinking at the government level. The real story would show that money trusts have been operating against the best interests of our people. Government publicity keeps telling us of the tremendous progress we are making. That is not so. I am not suggesting we have not made progress, but I am saying that our progress in terms of what could be done has been quite unsatisfactory.

Let us look at these facts. It cannot be said that housing shortages in our country are of recent origin; the problem has been with us for the past 25 years, irrespective of who was in power, both in depression years and in times of relative prosperity. The question of providing adequate housing for our people has just never been resolved. The unhappy fact is that we have never made a proper effort to develop a comprehensive broad scale attack to eliminate substandard dwellings. Consequently today the greatest unmet need of our people is still in the field of providing homes on a fair basis.

What is the situation today? The minister in speaking recently somewhat played this down, but it is a fact that for two years now residential construction has been substantially dropping. This year starts were considerably lower than last year. I have in my hand daily bulletins from the dominion bureau of statistics, one dated Monday, May 6, 1957, which has this to say:

> Starts on the construction of new residential units were sharply lower in this year's first quarter, dropping to 7,769 units from 14,473 in the first three months of 1956.

A further bulletin dated Tuesday, July 9, 1957, has this to say:

> Fewer new dwelling units were started or completed in the first five months of this year than last, D.B.S. reports in an advance statement. Number of units in various stages of construction at the end of May was also smaller than a year earlier.

Then as recently as December 6 we have this information.

> Starts on the construction of new dwelling units in the January-October period this year numbered 102,197 units, some 11.3 per cent fewer than 1956's comparable total of 115,188, according to an advance D.B.S. statement.

Further on it says:

> Completions in the 10 months totalled 94,868 units, down 13.1 per cent from the year-earlier total of 109,160 units.

In many cities of Canada the sag in the home building program has become a very serious problem. In my own city of Edmonton this has been especially so. May I point out to the minister that in 1956 only 3,800 dwelling units were built in that city, while during that year we had a population increase of over 14,000 persons. The difficulties experienced with our growth have been compounded by the tight money policies prevailing. Mortgage restrictions have hit our city harder than any other area in Canada. We made repeated submissions to the previous government; nothing happened. It is true that many of their candidates said something would happen after June 10 when they were back in power, but I would sincerely hope that the new Minister of Public Works, in facing the situation, will take heed of Edmonton's interest by making substantial increases in the number of N.H.A. credits available for that area.

I would also ask that we look at the history of this national problem in order that we

may know what to do in the future. During the depression years we had a period of decline in residential building. That was a period of paradox. The only thing that was short was money; there were plenty of materials and manpower available. There was no decline in the volume of homes needed then, but in spite of these factors it was a period in which everything sagged because of the shortage of money. There were the demands and the physical facilities at our disposal, but the money just was not there.

In 1939 Canada was involved in a war. Suddenly and mysteriously money was no problem. Our capacity to do things in a big way was demonstrated to the world. People were prepared to forgo satisfying their personal needs and convenience and comforts in order to meet the drastic requirements of that great war.

Immediately after the termination of the war the tremendous housing requirement and public opinion forced the government to make one notable change. They enacted the National Housing Act in 1946 and we had a short period of boom in building. Then suddenly they turned on the tight money policy again. The government allowed tight money policies to be forced on the people of Canada, which resulted in interest rates being raised seven times in the course of one and a half years.

The country was told that these policies were necessary in order to stop inflation. The actual consequences were the highest cost of living ever, the restriction of building, higher cost of building for prospective home buyers, and a drastically reduced amount of credit for home construction.

It is a very significant fact that the building going on of late is limited almost entirely to families of middle or higher incomes. I believe the minister is aware of this, because in the first statement he made he pointed out that the average income of the borrower was $5,829. Perhaps I had better quote this statement as made by the minister at page 1878 of *Hansard*, where he says:

> I was very much surprised to find that the qualifying income for the average National Housing Act loan made by approved lenders in the month of September of this year was $5,350. The average income for borrowers under the National Housing Act was $5,829.

I just wonder how many of our people qualify under those terms, or have salaries of that kind. The fact that the answer to inflation is production does not seem to have entered into the consideration of the government. This government and the previous government in sustaining tight money policies kept telling us they were necessary in order to stop inflation. Well, sir, there never was inflation in the first place, certainly not in the sense of the term which means, properly speaking, too much money chasing too few goods. It is true that we have had cost and price increases, but they were a direct consequence of the present taxation policies, and these increases were aggravated by the tight money policies being applied. There was a marked decline in residential construction, yet the proponents of tight money just went their own way.

I wish now to say a word about present interest rates. In this connection we regretted very much to hear the minister state that the government has no present intention of reducing the 6 per cent interest rate on N.H.A. loans. This denial of intention to lower interest rates is serious, and nullifies whatever advantage is proposed in the reduction of down payments.

I have never been able to figure out government thinking with respect to high interest rates and tight money. On the one hand they claim that this policy keeps housing costs down, but in fact the very opposite is the case, because as capital becomes scarce it becomes dearer to acquire, interest rates rise, and high interest rates result in less construction. Less construction, in turn, encourages higher rents and a very vicious discount practice which is being carried on in this country at the moment.

Instead of operating in the interests of people the existing policies seem to be operating in the best interests of lending institutions. Instead of homes being built, bigger profits are being allowed for a few. Instead of contributing to stability in the lumbering and construction industries the administration's tight money policies have depressed those industries. Tight money has contributed to promotional schemes and giantism in business.

What about the future? At the fourteenth annual convention of the national house builders' association, which met in Montreal on January 9, 1957, an important message was given by the association's president. I quote from the Ottawa *Citizen* of January 19, 1957:

> He told the 500 convention delegates that home construction cannot be allowed to lag if the "truly colossal" growth of Canada continues far into the future, as many economists predict.
>
> "It has been predicted that we will require 4 million new homes in the next 20 years, necessitating a mortgage credit of $20 billion. If this is correct, and I think it is, the situation could become serious in my opinion if the production of houses is allowed to slip below the 1956 level", he said.

Well, it has slipped. Now, in bringing these facts to the attention of the house I do so because they illustrate how unsatisfactory the situation is, and how seriously the present government and the previous government have failed to solve the problem of housing

on a long-term basis. We Social Crediters believe it is high time the government did something about this situation and made sure that public moneys are deployed for the benefit of the people and not for the sake of the profits of lending institutions. We want to see the finance costs of housing lowered in order that the small income man may benefit first. We want to see mortgage credits forthcoming in sufficient quantities and on a steady basis, not on a stop and go basis. We want to see interest rates lowered.

In this respect it is sheer nonsence to insist that an iron-clad government-backed guarantee would require an interest rate of 6 per cent. Our people are excellent credit risks, and this has been proven by the low percentage of losses on approved loans. The rate of interest return offered recently on the No. 12 series of Canada savings bonds was 4.46 per cent, which was advertised as the highest yield ever offered by the dominion government, and as being a very good investment. I agree that this is a good investment and a good yield, but if a government-backed bond produces interest at the rate of 4.46 per cent, then these housing loans, made through lending agencies and guaranteed by the government, should not require more than 4.46 per cent interest. In fact the loan should be issued at cost.

Finally, in our view there is no greater responsibility of government at this time than that of instituting a brand new approach, a far-reaching housing program designed to make home ownership possible for every Canadian family, not just for a select few. Toward this end we are prepared to give full co-operation.

I might point out that we had an election on June 10. The Liberals lost the confidence of the public. Temporarily the Conservatives are in power. It seems to me that the moral of this story is that no government in Canada remains long in power which does not give the people the type of management they desire. This government and all governments will have to recognize that a new period is dawning in which people are thinking of a better life and, consequently, a new and more dynamic concept of government is necessary. Our policies on housing must reflect this concept.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I should like at this time to make a few remarks regarding the changes in the National Housing Act. One speaker who preceded me this morning, the hon. member for Gloucester, has already dealt with what in his view will be the effect of these changes as far as the Atlantic provinces are concerned. Perhaps I agree with him in some respects, but I certainly do not agree with him in all respects.

I would heartily commend the Minister of Public Works for the proposed amendment which would allow extra money to be allotted for home building. Certainly this extra money in my area of Nova Scotia and in New Brunswick will mean that our small contractors will have a better chance of carrying out work during the winter period, work which will employ men in the mills providing the lumber, give work to a number of other tradesmen, and certainly provide a great stimulus to the building industry.

In line with the remarks made by the minister yesterday to the hon. member for New Westminster, in which he stated that he was ready to receive suggestions as to any possible changes which might help, I will just say, as I have already stated, that I believe this extra money will be of great assistance in our area.

However, I would mention one matter which will be a further help at a later time. I refer to the matter set out in the brief of the national retail lumbermen's council, namely that owner labour be considered as part of the down payment. In my area, and in the maritimes generally, the Veterans' Land Act has been a good means of providing impetus and help in the construction of houses.

Three friends of mine undertook to build new houses outside the town under the Veterans' Land Act. I watched them with a good deal of interest. They did much of the work themselves. They called in skilled tradesmen at different times to do the necessary important work, but a great deal of the construction was done by their own labour. I know this because at one time I was almost conscripted into the labour gang, but I got away from that.

However, I would point out that in my area, and in the province of Nova Scotia generally, there are a number of co-operative groups which have built houses. Young married couples who work in stores, in the local car works or in various places of business, whose incomes are certainly not in the high brackets, have, by means of the Nova Scotia housing commission and in other ways, undertaken co-operative efforts. These young couples, by the use of their own labour, were able to cut down the cost of the houses, and it has proved to be a very successful effort.

To my knowledge, what has happened in the past is that contractors have been actually engaged in the building of houses under the National Housing Act. I recommend that owner labour be made a permanent and

integral part of this act so that men can do much more of their own work, thus cutting down the cost and helping in the down payment. Perhaps they could hire a contractor to look over the whole project and employ the various skilled tradesmen, as is done now. I submit that this is a matter which could perhaps be studied by the Central Mortgage and Housing Corporation and be included in the act.

The hon. member for St. Antoine-Westmount, I believe, yesterday stated something to the effect that we should not discourage other lenders from taking part in lending in Canada. I agree with that, but I would point out that so far as the province of Nova Scotia is concerned a young man, or anyone, building a house is limited by legislation in the amount he can borrow from other lenders. In most instances he can get a loan of only 60 per cent of the appraised value of a house. Some companies limit the borrowers to 50 per cent of the amount. This makes it quite difficult for a young couple to raise the amount of the down payment in the first instance. As I have said, in the first instance it is 40 per cent of the appraised value of a new house and in the second instance, 50 per cent.

Mr. Marler: The hon. member is not referring to loans under the National Housing Act?

Mr. MacEwan: No; I am referring to private mortgage companies. I believe the change to 90 per cent of the first $12,000 of the lending value or any part thereof will help a great deal in our area but, as I have said, I believe there should be an amendment to the act in future to give builders a chance to have their own labour included as part of the down payment. I have received letters from various people in the area in this regard, and I have taken this opportunity to place the matter before the house.

Finally, one object of the amendment was to provide lower rental houses and smaller houses throughout Canada. I would close with a short quotation from a learned Englishman who said:

> The nations of the world dwell in the cottage, and unless the excellence of your statesmanship and the beauty of your legislation is reflected there on the minds and the hearts of the people, rely upon it, you have yet to learn the duties of government.

I submit, Mr. Speaker, this government has learned those duties.

Mr. Stanley Haidasz (Trinity): Mr. Speaker, I would like to speak briefly with reference to the bill before the house, which proposes to amend the 1954 National Housing Act by increasing by $150 million the original amount

of $250 million which was provided by the Liberal government, and also to provide for the reduction of down payments.

I am grateful to the Minister of Public Works for allowing us to speak today with as much latitude as possible concerning the National Housing Act. As a new member, speaking for the first time on the subject of national housing, I feel obligated to express my acknowledgment and admiration for the wisdom, courageous solicitude and initiative that the Liberal administration in the past demonstrated for Canadians by enacting federal legislation to more easily provide low cost houses in which our people may raise their families in comfort, intimacy and security.

The Liberal legislation expanding the scope of the housing act in 1956 by assisting the redevelopment of substandard housing and slum areas gave further proof of the active interest of the Liberal government in co-operating with municipalities and provinces in vital social problems involving the security of the Canadian family. Such legislation has promoted the morals, health and good citizenship of the Canadian family more than any other legislation in the history of Canadian parliaments.

Among the principal goals of our society are both the continual striving to overcome the housing shortage which still exists in Canada and the vigorous quest for higher standards of housing. This quest finds its expression not only in individual pride in being a home owner but also in the collective concern for the proper housing of all members of the Canadian community, be they young, old, poor or of moderate means.

However, durability of housing, its conservation and eventual replacement, must be considered important factors in the maintenance of the nation's housing resources. Moreover, I do not have to emphasize the fact that the construction and maintenance of homes is in itself a major industry, using the products of our forests and mines and putting into action the manufacturing industries producing building materials and domestic equipment and employing numerous skilled and unskilled labourers.

For all these reasons the minister of the federal government in charge of the national housing program has most serious obligations to fulfil. The introduction of piecemeal legislation, the curtailing of discussions and the refusal of necessary amendments to these fundamental matters will not solve the existing housing problems, as stated by previous speakers. In the long run it might even harm our national economy.

During the last federal election campaign Canadians were promised that the needs and

desires of the Canadian people would be met and that good government would be provided. Alas, the numerous bits of legislation which have been actually forced through the present session of the 23rd parliament testify to the lack of sound planning on the part of the present administration. The argument that they have had only a short time in which to consider legislation is a very poor reason for very poor legislation, as there is no immediate deadline that must be met. The Canadian voters did not restrict the government only to six months in which to plan and introduce specific legislation in order to meet the needs of the Canadian people and the requirement to continue a sound economy in Canada.

The mere provision of just $150 million for housing and the small reduction in down payments are at best only a mediocre attempt to help the ailing housing industry, and certainly do not solve the housing problems of the Canadian family in the low income bracket. In September the government released $150 million from the federal treasury for the construction of small homes, particularly with the hope of reducing the number of unemployed in Canada. But we see that this $150 million did not improve substantially the amount of homes being built, nor did it improve the unemployment situation. We learned from the statisticians a few days ago that there are 100,000 more people unemployed today than there were in September of this year. The statisticians have also reported that 70 per cent of Canadians earn less than $3,400 a year.

According to the proposed changes in the legislation it will be possible for a man to obtain a loan of $12,200 on a $14,000 home only if his income is around $4,360. Even for a $9,000 loan the prospective home owner must earn at least $3,400 annually. If such low priced homes should be available, only 30 per cent of Canadians will be able to avail themselves of this privilege, leaving 70 per cent of Canadians out in the cold because they will not be able to benefit from the new legislation. The people who need low cost homes the most are being ignored by the government, even though the avowed intention of the national housing plan was to provide low cost homes for people in the low income brackets.

I do not mean to blame the affable Minister of Public Works entirely for failing to provide adequate help for the low wage earner, because on December 4, 1957, as found at page 1880 of *Hansard*, he made this confession:

> Quite frankly, I should like to be able to help an income group even lower than those who will be helped by this legislation.

This leads us to believe that many other factors, circumstances and perhaps persons in the present government have dissuaded the minister from presenting more generous and just legislation. Therefore the greatest blame once again falls upon the Conservative government as a whole for failing to assist adequately those in dire need. It would have been more just had the minister proposed more liberal changes by introducing greater reductions in down payments, a substantial reduction in the interest rate on loans and perhaps by reducing—

Mr. Rea: Will the hon. member for Trinity permit a question? Is the hon. member going to vote for the bill?

Mr. Haidasz: I will let the hon. member for Spadina know at the conclusion of my address.

Mr. Pickersgill: He voted to support the chairman the other night.

Mr. Haidasz: I was about to mention also that the abolition or reduction of the insurance fee on loans would be of help to the low income group. I cannot understand why the government could not have allowed the buyer to borrow 90 per cent of the full lending value. On a $16,000 house, the average price for a new, six-room, comfortable dwelling in the Toronto area from which I come, the down payment would only be $1,600 and the mortgage $14,400, with a monthly payment of $112 plus $20 for taxes. If the government had lowered the interest rate the monthly burden would have been lighter and the amortization period could then be extended more easily to 35 years or more. If the 2 per cent insurance fee were abolished this would save the prospective buyer another $228. These indeed would have been very liberal amendments, and would have really helped the poor workingman who is in need of a home.

However, there would still be thousands of Canadians who, being in the very lowest income brackets or because of their employment or for other reasons, would not find it practical to buy or own a home. For these people the solution is more low rental housing accommodation. There rests a definite responsibility upon the present government through its crown agency, Central Mortgage and Housing Corporation, to provide more effective leadership in working with provincial and municipal authorities to set up and approve without delay greater numbers of more adequate low rental housing projects.

The National Housing Act amendments introduced by the past Liberal administration, which provided for substantial federal

assistance to municipalities to clear up slum areas, are to be highly commended. Toronto in particular has taken advantage of this legislation and has succeeded in developing modern low rental dwelling units in the Regent park area. There are other areas in Toronto that need clearing and redeveloping, such as Alexandra park and Moss park. Proposals have been made by the Toronto planning board in this regard, but the mayor of the peculiar creature called the metro, created by the Frost government, is repeatedly postponing these and many other worth-while projects in Toronto. Since Mr. Gardiner's boss espoused the Tory leader, it is difficult to understand why there should be such opposition from the metro level.

Furthermore, Mr. Speaker, an urban renewal study for Toronto recently suggested that the National Housing Act provisions be altered to include financial aid to the city for improvement projects intended to remove the threat of blight, to enable long-range planning to prevent slums, and to build well planned areas in our cities. The present government would indeed be very helpful and wise if it would agree to provide such assistance to municipalities.

I have been informed that on October 1, 1957, representations were made by the association of Ontario mayors and reeves to the government requesting federal aid of up to 75 per cent of the cost of acquiring and clearing blighted and substandard areas in any municipality, and asking that the municipality's share of such cost be repayable by the municipality without interest over a period of 40 years. I suppose these representatives were also told that the government had considered the proposal, and the problem was swept under the carpet.

A more urgent need for Canada is to make available more low cost serviced land in and around our municipalities. There is no doubt that many cities missed the opportunity provided years ago under the National Housing Act to embark upon municipally initiated land assembly schemes. The federal government should take the leadership once again in this matter. The 2 per cent insurance fee charged to home buyers to protect the lender has already, we know, accumulated a surplus of $27 million. Could this money not be used to buy land and sell it at cost to municipalities for building really low cost housing areas, completely serviced?

The biggest beneficiaries in Toronto are the subdividers who had land for sale. With the return to the industry of many builders who had gone out of business previously, the subdividers have been able to unload their land holdings. This occurred at a time when market conditions had begun to force land prices down. It would appear that if there has been any benefit to the subdividers, there has been very little benefit to the potential home purchasers.

Moreover, Mr. Speaker, in the Toronto metropolitan area the price of serviced land is too high to permit the construction of very small houses. It does not make sense to build a $12,000 house on a lot costing $5,000. A sharp distinction, therefore, has to be drawn between very small housing units, which is what the government is providing, and low cost housing which it was their avowed intention to provide.

Any experienced builder will tell you that the size of a small home may be increased by 10 per cent beyond the 1,050 square feet limit imposed by the government at an increase in cost of perhaps only 4 per cent. This extra size is the really low cost part of the house, and at the present time it is lost to potential home purchasers because of the existing legislation. It seems to me much more sensible to build the basic structure a little larger, to provide more adequate and durable accommodation to which the home purchaser can add extra features as his income allows, than to limit him to a very small, cheap structure which cannot be expanded nor be expected to last very long.

Another drawback of the present system is the fact that too many houses will be built in the same size range, and consequently the potential purchaser does not have the variety to which he is accustomed in a free market. The design is also limited, because it is most difficult to achieve good design and balance when the floor areas are so rigidly controlled. Just a few weeks ago the regional awards of the national design council were presented, and one could not help but be impressed with the giant strides that have been made in the design of small homes. It seems to be a bit inconsistent for the design council to encourage variety and beauty while, on the other hand, the government forces uniformity, drabness and that regimented appearance of those box-like structures of which we see so many and which we all deplore.

The big problem of the building industry seems to be one of cost, and it is a real problem which seems to be receiving little or no attention. The builders claim that over a number of years they have held down, within reason, the cost of the house itself in spite of tremendously increased wages and the rising prices of construction materials. The price of serviced land, however, has skyrocketed beyond their control out of all

proportion. It is in this field that the federal and provincial governments will have to make a real contribution. But if, on the other hand, nothing is done and land prices, wages and the cost of construction materials continue to rise, then even the advantage of the reduced down payment to the potential home buyer will be lost.

In conclusion, Mr. Speaker, I should like to say that the proposed amendments can only be regarded as a short-term emergency measure, a meagre palliative. I say that unless the regulations are changed as the result of much more thought than they appear to have been given, the results, rather than being beneficial, will remain inadequate to the building industry, to the home buying public and to the taxpayers of Canada who are underwriting the whole scheme.

Mr. Barnett: May I call it one o'clock, Mr. Speaker?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, last evening my colleague the hon. member for Burnaby-Coquitlam expressed his pleasure that we have a much respected fellow British Columbian as the Minister of Public Works and the member of the government who is responsible for housing activities initiated by the federal government. He also gave the minister one or two good marks for attempting to do something about the housing situation.

I should like to say that I concur very heartily in the remarks that were made last night in this respect. However, at the same time I must also say that to me it is a matter of regret that the minister's horizons as to what can and should be done in the field of housing appeared to be quite restricted. Actually, of course, the amendments he is proposing to this house in connection with the National Housing Act are, I think one could fairly say, relatively minor.

In that connection perhaps I should remind the minister that when the act we are now proposing to amend was brought into this house he felt it was such a bad act that he was completely opposed to it and that he, along with his colleagues, when the vote on second reading was taken on January 29, 1954, opposed second reading of the bill which, as I suggest, he now is apparently content to deal with only by two relatively minor amendments.

In describing the amendments in that manner I am not attempting in any way to detract from the view that some good will be accomplished by them. However, I think the minister himself, in saying that he would like to do something more about housing, has made it clear that some of us have some justification for suggesting that his horizons on what can be done are rather limited.

I also recall that as the discussion progressed on the original bill which brought in the present housing act, some of the views which we in this corner of the house were then expressing were rather similar to some of the views we are expressing now, particularly when it comes to the matter of dealing with what should be done about interest in the provision of funds for housing. On March 8, 1954, as recorded at page 2758 of *Hansard* of that year, my colleague the then member for York South, the late Mr. Joseph Noseworthy, proposed an amendment on third reading of the bill. That amendment reads as follows:

> That Bill No. 102 be not now read a third time but that it be referred back to the committee of the whole house for the purpose of amending it so as to provide a fixed limit as to the rate of interest to be charged on loans made under the provisions of the said act.

On that occasion the then hon. member for York South had this to say:

> It is said, for example, that there will be an advantage in the lower down payment. It is true a few dollars will be saved on the down payment but the interest rate will be higher, and any benefit which might accrue from a saving on the down payment will be swallowed up in the increased rate of interest over the years.

Then Mr. Noseworthy went on to say this:

> The bill does not solve our housing problem. It will be just as difficult for those in the lower income groups to get houses after this bill becomes law as it was under the old act.

The interesting thing, perhaps, about that matter, in addition to my suggestion that the views of the C.C.F. have been fairly consistent on this subject over the years, is that the present Minister of Public Works and his colleagues, after having opposed second reading of the bill, did not see fit to support that amendment for referral back to the committee, and that the then leader of the Conservative party, Hon. George Drew, made it clear that he was not prepared to go along with our ideas as to what should be done to ensure that a lower interest rate should apply on loans made under the National Housing Act.

Hence, Mr. Speaker, it becomes apparent that the principal stumbling block, as far as action by the present government is concerned, is similar to that which we felt was the principal stumbling block to effective

action as far as the legislation of the previous administration is concerned.

In discussing this aspect of the matter, Mr. Speaker, I should like to make some reference to what I consider to be a most important document, and one which in my opinion should be receiving much greater attention in this house than has been the case to date. I am referring to the annual report of the governor of the Bank of Canada, which was addressed to the minister of finance under date of February 28, 1957.

This document I feel, Mr. Speaker, sets out in very clear terms an explanation of the financial situation in which we find ourselves today, and makes it quite clear that much of the loose talk we have heard in this house and across the country about tight money and related matters is just so much nonsense. It also, I think, could make a fairly important contribution to our thinking as to what it is possible and feasible to do about providing proper housing for the Canadian citizens. I am going to read from the report of Mr. Coyne some excerpts which I feel relate themselves most closely to the problem of providing adequate housing for our citizens. At page 5 of the report Mr. Coyne has this to say:

> Since the demand for loanable funds exceeded even the greatly increased supply, lending institutions have not been able to accommodate all potential borrowers in full; they have made such disposition of their funds as they chose, within the terms of any statutes governing their activities. In view of the rather frequent complaints which have recently arisen with regard to the availability of housing finance, it should, perhaps, be explicitly stated that banks, insurance companies, and all other institutions and individuals concerned with the provision of loans for this purpose are under no regulation in the nature of credit control preventing them from lending money for housing, or requiring them to reduce the scale of such lending. So-called "federal credit controls" do not exist.

Then, Mr. Speaker, on page 9 of the report following through with this discussion of this matter Mr. Coyne has this to say:

> This limitation on the availability of bank credit has not apparently affected the ability of the companies concerned to obtain funds from other sources.

I am sorry; that is a reference to instalment finance, but a little further down on the same page he says:

> Throughout 1956 the chartered banks continued to make substantial advances by way of insured housing loans, although commitments for new investments of this character progressively decreased. The total of new approvals of housing loans by banks in 1956 was about half as great as in 1955, and by the year-end the banks had very largely withdrawn from this field of lending.
>
> Long-term investments made from and limited by funds accruing from the growth of savings deposits are in quite a different category from credit expansion in the form of current or demand loans to businesses and individuals, which may reach excessive proportions. As discussed later, the financing of such credit expansion through the use of funds arising from savings deposits, both directly and from the sale of government bonds, in which savings deposits previously received had been invested, has been one of the less predictable and less stable features of monetary developments over the past two years.

Turning now to page 27 of the report in which Mr. Coyne is continuing his discussion of the banking system, I find these words:

> One reason why it is not possible to predict the effects of monetary measures with accuracy is the uncertainty, which must always exist to some degree, as to the reaction of the banking system itself to such measures. In Canada this has been more noticeable perhaps than elsewhere because of the extent to which commercial banking functions and savings banking functions are intermingled in the operations of the chartered banks. Over 80 per cent of total personal savings deposits in Canada are held with the chartered banks, and the pattern of investment of such deposits has varied widely at different times.

Then at page 29 he goes on:

> Housing loans and other investments have been the residual form of investment for the savings departments of the banks.
>
> In other countries personal savings deposits are chiefly held by separate and specialized institutions, sometimes called building societies, sometimes called savings and loan associations, sometimes called savings banks or mutual savings banks, which make a practice of investing such funds in housing loans and in relatively long-term securities.

Then on page 30 Mr. Coyne continues:

> In 1954 the Bank Act was amended to permit the chartered banks to make mortgage loans on new houses, loans insured under the National Housing Act. This was an important improvement in the machinery of the Canadian capital market. I believe it would be desirable if means could now be found to encourage greater stability in the rate of long-term investment by the banks in those fields where they may now operate . . .
>
> To maintain their relative position, the chartered banks may find it desirable and necessary to operate in respect of the resources of their savings departments in much the same way as a savings bank and use such resources to provide funds for the kinds of investment naturally associated with long-term savings.
>
> To the extent that personal savings were segregated from the commercial lending field, they could be regarded as likewise removed from the category of "money supply" . . .
>
> Fluctuations in mortgage lending would of course be much less pronounced. The workings of monetary policy would become more predictable and more effective . . .
>
> In any condition of an excess of physical demand over physical supply, some elements of demand must of necessity give way, lose out to others. Competition for money with higher interest rates produces fewer casualties and less social stress than unrestricted competition for goods with higher prices. Better a rise in the price of borrowed money . . . than a very great rise in the price of goods and housing, in the cost of schools and hospitals and public utilities.

I am reading that section, I might say, to indicate to the minister that I am attempting to give a fair picture of all Mr. Coyne has to say in this most important connection. He goes on:

> Whenever there is an excessive demand over supply, and the competition for funds with which

to make the desired expenditures is intense, the results in terms of who gets how much at what cost will not give satisfaction to all. Those who find themselves unable to borrow as much or as cheaply as they wish, or unwilling to pay interest at the new and higher rates will naturally be dissatisfied. What is more important, the actual distribution of loanable funds may not seem to be the most desirable one from the point of view of society as a whole, or of large groups within it. This is a question of opinion, and a matter of public policy.

Well, Mr. Speaker, the governor of the Bank of Canada, I would suggest, very properly dumps this whole question right in the laps of those of us who are members of this house. He brings us his analysis of this situation and, on the basis of the facts which Mr. Coyne has so clearly set out, we should consider what action could and should be taken about the whole question of providing housing finance.

The Minister of Public Works last night, as recorded at page 2498 of *Hansard*, said:

. . . one of the main problems worrying me about housing. It is this. Next year, where is the money coming from to provide for the number of houses that should be built?

Well, the minister is not the only one who is worried about that, because I think all of us in this house recognize that the extra money which we are being asked to approve in this bill is not really enough to go very far toward solving the over-all need for houses across Canada. But the thing which concerns me is that the minister goes on to say that the government obviously cannot take over the business of providing mortgage money; it simply cannot be done.

Well, Mr. Speaker, I think that is where the minister and those of us who are in the C.C.F. party really part company. The minister says it cannot be done. As far as we are concerned, we say the only reason it cannot be done is that the minister does not want to do it; and if one follows through with the analysis of the situation which Mr. Coyne has made and which he has, as I suggest, dumped in our laps as members of this House of Commons representing the people of Canada, then I suggest that we are coming to the crux of the situation thas has to be debated.

Why could not the government take over responsibility for seeing that there is adequate mortgage money available for housing? Mr. Speaker, I suggest the reason this government, speaking through the Minister of Public Works says this cannot be done is exactly the same reason for which Mr. Winters, when he was minister, said it could not be done; and that is because of the fact that the Conservative party, like the Liberal party, refuses to recognize the basic fact that capital is something which is socially created. While it may be true that certain people legally have a large corner on certain amounts of it, nevertheless the reason we have capital which would make housing on a large scale possible, if it were devoted to that end, is that fifteen or sixteen million Canadians have created it.

We in the C.C.F. party maintain that at least a sufficient proportion of that socially created capital should be available to the people who created it in order to ensure that they shall have decent housing at a cost they can afford to pay. We maintain that it is not necessary for us to go on forever paying tribute to the moneylenders so they can continue to extract their pound of flesh over a period of 25, 30 or 40 years while a house is being paid for. That is the issue, and that is the challenge which those of us in this corner take up with the Minister of Public Works when he says this is something which cannot be done.

Mr. Speaker, we are dealing particularly in this bill with a provision to increase the direct lending activities of Central Mortgage and Housing Corporation, and we have already made it clear that as far as the measure goes we are prepared to support it. But we have also made it clear, I think, that we do not feel it is necessary that the people of Canada should continue to have to pay the present kind of interest rates over a long period of years, as they will be required to do if nothing more than this proposal is put into effect.

The main discussion has quite properly turned on the idea of the minister of making additional direct loans available to those who are building family homes, individually. But I think we have to realize that included in the direct lending activities of the corporation there are some other activities which are a matter of concern, and that in increasing the amount of money available and refusing at the same time to make provision for lowest possible interest rates, we are creating a problem for those who are attempting to provide low cost housing for senior citizens for example, in the type of community project which is becoming increasingly popular in many communities.

I have one such venture in the particular part of my constituency in which I happen to live, where a local organization formed for the purpose of attempting to provide low cost housing for senior citizens feels it is right in the bite at the present time because of this question of what is going to happen about interest rates.

They have gone to the trouble of determining what difference in the rentals will be brought about as a result of the interest increase which took place in the housing field

recently, and according to the figures as they have had them supplied by someone competent to work out these things, on the basis of amortization over a 40-year period, they arrive at this conclusion. For a loan of $110,000 at 3¾ per cent the annual payment will amount to $5,352.54. With interest on the same sum at 4½ per cent, the annual payment would amount to $5,977.75. This, they say, is an increase of $625 annually, or approximately $52 a month. They point out that if they had 26 people paying rent it would mean a rental increase of $2 a month merely to meet an increase in the interest rate of three quarters of one per cent.

Well, Mr. Speaker, as I said, this idea of people in communities taking action to provide housing in this particular field is arousing increasing interest. For example, in another community in my constituency at the present time a group of people is interested in forming what it proposes to call the golden age housing society. This house may be interested to know that their plan calls initially for the erection of two units, one of which they propose to name in honour of the late J. S. Woodsworth, who was the first leader of the C.C.F. party, and the other which they propose to name in honour of Mr. A. W. Neill, who was for a long time the independent member for Comox-Alberni, because of the fact that both these gentlemen took a pioneer interest in the initial establishment of an old age pension in Canada.

I mention this because I know these people will be placed in exactly the same position with regard to interest rates as those of whom I was speaking a moment ago with regard to the other project.

So it seems to me that from whatever angle we tackle this question we get back to the problem raised by the pressure of the interest rates which must be paid over the period of up to 40 years, which add so much to the cost of providing these facilities whether for individual owners or as rental accommodation for senior citizens.

The minister has already made it clear in dealing with the amendment proposed by my colleague the hon. member for Regina City, at the resolution stage that we have not much hope of persuading him to do anything about changing this bill at the moment. Nevertheless, I think we would be less than kind to the minister if we in turn did not make it equally clear to him that the problems which arise in this connection are, in our opinion, going to continue, and that we in this group will continue to draw them to his attention and to the attention of the Canadian people with all the vigour of which we are capable.

[Mr. Barnett.]

We do not take the defeatist attitude toward this question that the minister takes. We do not say this is something which cannot be done. We believe in the adage "where there's a will there's a way," and we think it is becoming more and more evident all the time that the new Conservative administration just has no better solution than its predecessors had while in office.

Mr. Fraser: No matter what they did you would not be satisfied.

Mr. Barnett: As long as they are content to bandy about such terms as "state socialism" and all the rest of it, as some of the members of the Conservative party did with regard to the suggestions we were making when this act first came in, so long are we going to find them in a sea of despond as far as housing in this country is concerned.

Therefore, Mr. Speaker, although as I said at the outset, like a great many other people in British Columbia, I have a very high personal regard for the present Minister of Public Works, nevertheless I must say I cannot share his rather gloomy outlook as to what can be done to provide the Canadian people with decent houses.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to say a few words in support of this bill which proposes to make available an extra $150 million for housing and also to lower the down payments. I should also like to add my voice to those who have urged a change in the regulations under which these funds are now administered. This money is being made available by the parliament of Canada, and we therefore have a duty to see that it is used to help those who have the greatest need. That is not happening under the present legislation.

If I am to judge from past experience, the benefits to my province from this legislation will be negligible. Since the first $150 million was made available about two months ago I believe only $200,000 has been used in Newfoundland, and most of this has gone to people with high incomes. Of the $200,000, $117,300 has gone to St. John's for 11 units and the other $83,000 to the Gander area for 9 units. These were the official figures up to the end of last week. Of the first $150 million, only $2.3 million to date have gone to all the maritime provinces combined.

The reason, of course, is that the people in the maritime provinces and in Newfoundland are not able to benefit from this legislation because under the present regulations their incomes are too low to enable them to take advantage of the act. I know the minister deplores these facts as much as I do myself, but this situation is the result of regulations

which cause federal housing funds to be distributed among the provinces in proportion to the average personal income in the provinces. Consequently Ontario, with the highest income, gets the lion's share and Newfoundland, with the lowest income, gets the smallest share.

One way to correct this situation is to change the regulations so that a proportion of the funds will be allocated to provinces according to population and need. Along with that I believe there should be a change in specifications to permit cheaper houses to be built in poorer areas. Statistics prove that persons with incomes of as low as $3,000 have been able to benefit even under the present regulations. These cases should be singled out for special study to find ways and means of building more houses for people in this income bracket.

The changes introduced by the present government to promote cheaper houses are commendable as far as they go, but they have two important defects. The houses are cheaper because they are smaller, and therefore they do not represent any increased value for the money spent. In the second place, they do not take account of human needs. A man with a small income very often needs a larger house than a person with a high income.

According to statistics, the average income of people benefiting under this act is around $5,000. Now that inflation is supposed to have been checked and credit restrictions are being eased, it should be possible for people in this income bracket to provide houses for themselves in the usual way without too much assistance from government funds.

I believe the government should concentrate on providing houses for people in the $3,000 income bracket and under. Unless this is done Newfoundland can never derive much benefit from this legislation. One way to do this is to encourage co-operative housing schemes and schemes for people who can build their own houses in whole or in part. Veterans have used funds under the Veterans' Land Act in this way with outstanding success. In particular I should like to see a special scheme to provide houses for fishermen. Fishermen do not need houses as elaborate as do people who dwell in the city, and most fishermen, particularly in Newfoundland, are able to build their own houses.

A family man actually needs two houses in his lifetime. He needs a small one when he is just married and starting out in life to raise a family. After four or five years, when the family begins to grow up, he needs a larger house. Then in later years, when the family has grown up and gone, he could get along better with a smaller house, with one or two bedrooms. I believe these facts should be taken into account, and some scheme worked out whereby one house could be traded in on another.

This extra money will be welcomed all across Canada on account of the unemployment situation. Newfoundland itself has a very acute unemployment situation, probably just as bad as that of any other province. Our unemployment figures are double what they were at this time last year. As I pointed out before, this money will not have any effect at all in improving the unemployment situation in Newfoundland.

It is commendable on the part of the government to try to kill two birds with one stone in this way, but I think we should keep in mind that the two goals of providing low-cost housing, on the one hand, and creating employment on the other, are not entirely compatible. The use of national housing funds in the past has in some instances helped to inflate housing costs. The primary aim of this money should be to provide low-cost housing, and we should take whatever precautions are necessary to ensure that this goal is attained. If the primary aim is to provide employment, then the objective of low-cost housing is to some extent defeated. I think we should have one or the other, but I have serious doubts whether we can have both.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, in taking part in this debate I do not wish to cover the same ground that has been covered so well already. Furthermore, two of the Social Credit members have already outlined our position on this question nationally. There are, however, one or two things I should like to say about the local situation in Medicine Hat.

There is a need today for a plan whereby homes can be built with lower down payments and lower monthly payments. We also have a very definite need in Medicine Hat for a low rental housing scheme for some of our senior citizens and those people who have reached that stage in their lives when they are not prepared to invest in a new home. In that regard may I say that a committee considered the matter in Medicine Hat not too long ago. The committee was comprised of representatives of all sections of the community, and they agreed that there was a definite need for these two things.

Furthermore, recently a group of low rental apartments in Medicine Hat were closed. I certainly think it was necessary for them to be closed, because they were in such a condition that they were not fit for human beings to live in any more. But the fact remains that those people had no place to go. A large number of

them were old age pensioners and, as I said, they do not wish to invest in a new home. It is quite a problem right now to find some place for them to go where they can obtain accommodation within their ability to pay.

I think the bill is a step in the right direction, and for that reason we are prepared to support it. Our main objection is that there is no provision to cut interest rates, and we think that 6 per cent interest on government-backed money is simply too high.

Mr. J. W. Kucherepa (High Park): Mr. Speaker, I rise today to speak on a subject which has concerned me for many years as a member of the city council of the city of Toronto. The bill we have before us today is designed to increase from $250 million to $400 million the aggregate amount that may be paid out of the consolidated revenue fund, and it also provides for a reduction in down payments. In addition, in the minister's remarks in the house on December 4 there is reference to a reduction in the income level with respect to which applications for loans may be made.

The hon. member for Trinity has been most critical of this legislation. I wonder whether the hon. member is aware that there has been a decline in housing construction from the maximum level of 1955? I am sure he would not disagree with me if I were to say that this was the result primarily of the tight money policy instituted by the now defeated Liberal government. This decline reached a maximum point during the first six months of 1957, and along with it came the other great evil of unemployment in the construction industry. With an increasing labour force and an increasing population, the previous government's policies were geared to a slow-down in this vital field, and the result was that the construction industry suffered a degree of depression which it has not known for many years.

I would venture to say, sir, that as a result of these Liberal policies the people gave their answer on June 10 in an unmistakable way when they returned to the House of Commons only one Liberal from the 21 ridings in the Toronto area. That lone member is the hon. member for Trinity, who came here with a majority greatly reduced from that of his predecessor in the house.

I wonder whether the hon. member for Trinity is aware of the fact that so far as section 22 of the National Housing Act is concerned, no direct loans were made for ordinary home construction purposes in the city of Toronto under the previous government, and further that under Liberal government policies funds under this section were not available to house builders in the city of Toronto or other comparable large urban areas who were producing houses for sale or for rent. It is indeed alarming that the qualifying income for the average housing act loan was $5,350 in September of this year. This record of Liberal policy does not seem to be in keeping with the thinking of the hon. member for Trinity, who made such a strong plea for assistance to those in the lower income brackets.

The hon. member referred to the Regent park area in the city of Toronto, and was very critical about the slow progress the present government has been making in the field of housing. I should like to point out to him that since expropriation proceedings were taken by the city of Toronto on July 14, 1947, a total of 1,289 housing units were constructed over a period of 10 years. That is at the terrific rate of 128.9 or 129 units per year.

As a member of the housing committee of the Toronto city council I would have to say that there was indeed a great deal of red tape to be overcome in achieving even this figure. The contribution of the former government was $1,362,000 out of a total of $13,400,000 which the Regent park development cost the city of Toronto. We had to consult with the federal government authorities constantly to make sure that we made even this meagre progress. I should also like to point out that the Frost government, to which my hon. friend also referred, will have made a contribution of $1,289,000 on completion of the project, a sum almost equal to that granted by the previous federal government for the Regent park development.

In view of this history I cannot see how the hon. member for Trinity can lay any blame at the feet of this government. Indeed, in my opinion the government has done a great deal toward advancing the housing program in Canada.

The hon. member for Trinity also made reference to the chairman of the metropolitan Toronto council as a peculiar creature. I should like to point out that I am well acquainted with the chairman of the metropolitan Toronto council, and I can say that Frederick Gardiner is one of the finest municipal administrators this country has ever known. I do not think his record in the administration of municipal affairs will ever be equalled by any person in this house or outside it.

To paraphrase the words of the hon. member for Trinity, he also said that the present government has "swept the problem of housing under the carpet". I would say to him in reply that if that is his thinking, then in my view the former government buried the

housing problem in the ground when they invoked the tight money policy, and when they restricted under subsection 1 of section 22 of the act the lending of moneys to the city of Toronto and other large urban areas for ordinary home construction purposes.

I also noticed that he criticized the former Liberal government for the 2 per cent insurance fee they placed on loans, and he now asks that the surplus from this source be used for the purpose of subsidizing subdivisions at the expense—this follows naturally, sir—of those small home owners who are now paying on N.H.A. mortgages.

The hon. member criticized the small homes which this legislation permits, and appealed for larger structures to be built on existing land parcels. I wonder if my hon. friend is aware of the zoning by-laws of the city of Toronto or any other municipality which control the density of population in given areas, and which prohibit a certain density in residential areas.

I might point out for the information of the hon. member and this house that even Regent park, the redevelopment which covers 42.45 acres, has 33.5 acres in open space occupied by playgrounds, park areas, lawns, parking plazas and the like. That is the way we plan in the city of Toronto and I think in most other municipalities which are making progress in redevelopment.

The hon. member also made a plea for reducing interest rates on mortgages under the National Housing Act. The hon. member seems to forget, however, that it was a Liberal government and their advisers who caused the increase in interest rates during the last few years of their administration and created the havoc of unemployment which reached such alarming proportions during the first part of 1957, prior to the ousting of the Liberal government from office last June 10.

(*Translation*):

Mr. Yvon L'Heureux (Chambly-Rouville): Mr. Speaker, I would not want to miss this opportunity of taking part in the discussion about the National Housing Act of 1954. I represent, as I have said, a growing constituency which avails itself of the housing act administered by the C.M.H.C., another masterpiece of the Liberal regime. My constituency is not far from Montreal, the metropolis, and many people who have jobs in Montreal reside in these outskirts, thus enjoying the benefits of rural life on the south shore.

Several municipalities of my constituency have spent money and developed an overall plan under which public services such as sewers, water distribution, sidewalks, streets, etc. were provided in order to promote house building and qualify for loans under the National Housing Act. If the municipalities make sacrifices, it would seem that this legislation could be improved, particularly by lowering from 2 to 1 per cent the rate charged by the government to insure these loans. Since 1954, the government has accumulated, from this source, a profit of several million dollars. I realize that this insurance premium seemed warranted at first, but I do not think it was the intention of the government of the day to have this corporation accumulate profits at the expense of home buyers.

Experience has been favourable. The corporation has had to take back only one unit of all houses bought under this marvelous legislation, and then sold it at a profit. It would be good now to lower this rate and to have the small house owner benefit by saving the substantial amount of $125 or $150 a unit. As to those accumulated millions, the government could use them to buy off, at pro rata, the loans granted by finance companies, which would allow them to reinvest in new loans. Another suggestion which seems very appropriate would be to reduce the interest rate of 6 per cent to 5 per cent, as is being done in the United States. An interest rate of 6 per cent is prohibitive, and of no benefit either to the owner or the buyer.

It is easier for the government to borrow than it is for loan companies or institutions. It can, at no cost to itself, afford a rebate of $1,000 to $1,200 in interest over a period of 25 years, in favour of the worker or wage earner who seeks to improve his standard of living. In fact, if the government can afford to loan money without interest to western farmers, and loan several million dollars at 4 per cent interest to the Hamilton Harbour Commission, $30 million to the government of New Brunswick, etc., why should it not be able to provide loans at a reasonable interest to house buyers?

The down payment should also be lowered so that not more than $700 or $800 on a $12,000 or $13,000 house should be required, especially so when many municipalities went out of their way to provide public services to help prospective house owners. When the down payment is too high, it becomes prohibitive for workers with a family, particularly for young married couples who have a house to furnish, and other contingent expenses.

We must put our trust in these young people who represent the future of our country. There is no greater satisfaction for a human being, whatever his status in life, than to own his home and be able to provide adequate housing for his family. I therefore urge the government to consider these suggestions with a realistic and unbiased mind. The government should not forget the promises made during the last election. This is the time to show that they meant what they said, for in a few months it will be too late.

As the price of the lot is an important factor in the cost of a house, I appeal to the government to take whatever steps are necessary to put a stop to the shameless practices of exploiters who take advantage of our farmers' good faith, take up options on farm property, make the farmer sign unfair contracts, and then resell those lands at fancy prices, which only increases the cost of houses at the expense of the buyer.

(*Text*):

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, on page 550 of *Hansard* for October 29, 1957, the parliamentary assistant to the Minister of Public Works informed us that of the 17,560 housing loans arranged from June to July of this year, 14,616 or 83.23 per cent went to centres with populations of over 5,000 people. Over 7 million Canadian people, that is about 45 per cent of our population, live either in rural areas or in towns smaller than 5,000. Thus only 16.8 per cent of the loans this year have been given to 45 per cent of the population, and 83.2 per cent of the loans have gone to 55 per cent of the population.

The people in the small towns and rural areas, if these figures hold true as to previous years, seem to be the orphans of the storm so far as housing is concerned, the new poor of Canada. The people living in small towns or rural areas have many other inconveniences so far as the amenities of life are concerned. This house has often been informed of the lack of television services and the fact that educational standards in these areas are not as good as in other areas. Quite often there are no lending institutions or real estate agencies to push housing for you, so these people, the 45 per cent of the population, seem unable to get the advantages of this particular legislation we have before us.

It is a joy to see semi-socialistic legislation such as this introduced by anti-socialists. I would hope that before this bill is finally approved our anti-socialist sponsors of the bill will explain to us what they can do to make sure that the advantages of this legislation are given to the underprivileged 45 per cent of the people. The government's own statistics show that, so far as housing is concerned, they are underprivileged. That is the only point I wanted to make at this time.

In that connection I should like to point out that on the same pages of *Hansard* it is indicated that the small communities in my own constituency, with a total population of over 12,000 people, have had four loans in the last 11 years under the National Housing Act. I know, as a result of visiting this constituency, that the housing is not of the kind that means they do not need these loans. I hope the minister will tell us what steps Central Mortgage and Housing Corporation, and the various officers of his department, are going to take to see that the benefits of these lending privileges are spread to this underprivileged 45 per cent.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I do not wish to detain the house but I should like to say just a word on behalf of the communities of Canada under 50,000 population. In doing so I hope I will not be accused of being regional or sectional in my thinking. I should like to draw the minister's attention to one small but, in my opinion, important aspect of the availability of mortgage funds for house building.

One of the greatest problems of the smaller communities is the continual siphoning off of investment money to the larger centres. I am not suggesting that this is anything new or anything of a special problem that has arisen since this government has been in charge of affairs. It is not in that sense that I am raising this question.

It is not my intention to name companies today, but how often have we heard the explanation given that this company or that company are not lending money for housing in this or that community. I am sure that most hon. members on all sides of the house who come from the smaller cities and towns in this country have heard this same complaint. I believe the lending institutions have a responsibility to make more of their funds available for home building. In the second place I believe they have a responsibility to lend more money for this purpose in the communities in which they are doing business.

I recognize the fact that the lending institutions have the right to invest their funds to the best advantage of their respective companies and I naturally am not suggesting any government interference or compulsion. However, by permitting this trend of ignoring the mortgage needs of the smaller centres to

continue, a great disservice is being done to the over-all development of this country. Unless this trend can be arrested or unless the government is prepared to supply substantially larger sums, home builders in the future may be forced to deal with private lenders to a greater degree at ridiculously high interest rates. Such a development will eliminate any hope of low cost housing which all of us, on all sides of the house, recognize is badly needed.

I hope the minister will not be annoyed at what I am going to say now. I am sure he will agree that there has been a considerable levelling off in the Canadian economy during the past few months. The proof of this is the present legislation. It now seems desirable—and I am not opposing this action—to pump more funds into the economy. However, in view of these changing circumstances, it is quite conceivable that the lending institutions may well become more selective in their lending in the small centres, with those areas suffering accordingly.

As I said earlier, I am not suggesting in any sense that there be government interference or compulsion of any kind. But if a way could be found of bringing this matter to the attention of the lending institutions I think we could well tap a substantial amount of money that could be used for home building in the smaller cities across this country, thereby eliminating to a degree the need for the kind of legislation that seems necessary here today.

Mr. John Smith (Lincoln): Mr. Speaker, I did not expect to speak on this bill because, in my opinion, it seems to do all that it is intended to do at this time. I look upon it more or less as an emergency measure. It provides a substantial sum of money for the building of new homes, something which will be a big stimulant to the building industry. With the lowering of the down payments it will also make it possible for many more people with less capital to purchase a new home for themselves.

This new bill is going to create jobs throughout the country not only in the building trade but also in industry, the manufacturing of plumbing goods, electrical supplies, heating equipment and a great many other industries allied to the construction trade. However, the bill does not provide complete methods to solve our housing problem, especially in the large cities. During the past five years home building has been on a stop and go basis. Each year substantial sums of money were provided. Then the boom was on until the money was spent. Then there was a lull until a further appropriation was made and the boom was on again, always on a higher mortgage interest rate. I am pleased that at this time there is going to be no increase in the rate.

There is no doubt, Mr. Speaker, that Central Mortgage and Housing Corporation have done a big job in providing homes but now we find that a large group of Canadians have not been able to keep up with the steady climb in the cost of building and high interest rates. This amendment to the act cannot do much for them other than if many new homes are built, more of the older homes will be available for those in the lower income brackets.

The gap seems to have widened considerably during the past five years between those people who can afford to build and those who cannot afford to do so, with the result that there is a very large group of people now earning about $3,000 who cannot hope to own a home of their own or to be able to rent a good house under existing conditions. I therefore feel that Central Mortgage and Housing Corporation have a job to do in ways and means to solve the housing problem of those people in the low income brackets, because those people are entitled to much better housing than they have at the present time, especially in the larger cities.

A condition of this kind developed just prior to the beginning of the last war and with the co-operation of Central Mortgage and Housing Corporation and the builders a house was developed to sell for $3,000, with a small down payment, something which helped greatly at that time. I feel that something like that could be done again, of course on the basis of probably a $6,000 to $7,000 house. A very popular house some years ago was one with a story and a half, finished downstairs and the upstairs unfinished. Something was said today about the owners or the buyers and that if they could just put more of their own time into the house, they could bring the cost down. That was one of the reasons why this house to which I made reference was developed. Such houses provided a home for a great many people who otherwise would not have been able to get it. A house like that will comply with the N.H.A. regulations on a 40 foot lot. I know that some of our town planners probably will not agree to that, but a house of that type on a 40 foot lot would provide a six foot side yard and a ten foot drive. Using dry wall construction and other lower cost materials, and on lots with a narrow fronting, I am confident that it can be done again.

Central Mortgage and Housing Corporation seems to be promoting the wide frontage house today which requires a wide front lot,

entailing greater cost, higher taxes and more local improvement costs. I would suggest, Mr. Minister, that consideration be given to a low cost home along the lines I have suggested.

Another department of housing that I think should be encouraged is the building of low rental housing units for those in the low income brackets. In almost every city there are areas—some of them large and some of them small—which, while not slum areas, are blighted areas which could be redeveloped for new housing. Generous assistance and encouragement should be given to municipalities who wish to enter into this type of municipal housing. I might say that we are a little behind in municipal housing in this country. In Great Britain you will find that practically 50 per cent of the houses over there are owned by the municipalities who are able to rent them at very reasonable rents.

Land assembly schemes should be encouraged as that type of land development eliminates the high profits in serviced lots and makes such lots available to builders and home owners at reasonable prices.

Mr. Speaker, I heartily endorse the passing of this bill. I have heard very favourable comments on it from builders and from people who wish to buy a home, but it is not the final answer to this housing problem in Canada. I am sure that Central Mortgage and Housing Corporation will be able in the near future to provide new ideas and better leadership in the housebuilding industry under the direction of this government.

Mr. Alex. B. Macdonald (Vancouver-Kingsway): May I take five minutes of the time of the house, Mr. Speaker, to refer to the amendments proposed by the minister as they affect my own city of Vancouver. I think Vancouver can be proud of its home ownership. I say this from observation and not from a knowledge of statistics but I would say that there is a higher percentage of home ownership in Vancouver than in any other big city in Canada. The homes are neat, clean and attractive, with gardens suited to the balmy climate to which the minister referred the other night. And yet, in the heart of Vancouver as in many other big cities, there are blighted areas, areas that are not in any way the fault of the people who live there but areas of squalid, decrepit, crowded housing which inevitably infect the health and civic life of the whole city. One such area in the city of Vancouver, probably the principal blighted area, is east of Main and north of False creek. You could probably say that area totalled one square mile and could be called a blighted area crying out for slum clearance, land acquisition, demolition and rebuilding to take care of the inhabitants.

It seems to me that if the city of Vancouver would see that the health and building by-laws were applied rigorously many of these buildings would be condemned now as unfit for habitation. But that would still be no solution. That would not give to the people who live there dwellings into which they could move.

The houses themselves are often firetraps, many of them a menace not only to the lives of the people who live in them but also a threat to the lives of the firefighters who from time to time are called upon to rescue lives in time of fire. The whole of such an area contributes to the social toll which we pay in disease, crime, delinquency and vice.

Now to what extent would the amendments proposed help people who live in such an area? I would reply, to a very little extent. For instance, how many of these people would be able to borrow say $10,000; I would not imagine that any less would be required to build in such an area and they would also have to pay interest at 6 per cent on that loan. Interest alone would start at the rate of $50 a month. How many of them would be able to raise the down payment in cash; I would think it would require at least $1,200 as a down payment and probably, in view of land values there, the figure would be very much greater.

How many could acquire land in such an area? How many could afford to devote, not 23 per cent as formerly, but 27 per cent of their family budget to housing needs? This would inevitably mean cutting down on other family necessities. How many of these people have an income of $3,450 a year, bearing in mind that although many of them are making good wages, not too many of them are able to work 52 weeks of the year.

The answer to all these questions is summed up in the fact that these amendments simply do not begin to approach the problem of an area such as that. Yet the problem should be approached now; now is the time of labour surplus, the time when many of our skilled building workers are condemned to enforced idleness; the time when particularly in British Columbia we have ample supplies of good building materials. Never was there a better time to approach such a problem and it has to be approached as a slum clearance project. It has to be approached, in my opinion, under sections 23 and 36 of the National Housing Act.

I do not think all the blame for lack of initiative rests either with this government or the former government. I think the city fathers of Vancouver have shown a lack of foresight; I think they have shown procrastination and timidity and even callousness in the face of this problem. This is evidenced by the very limited extent to which Vancouver has even taken advantage of the limited dividend sections of the National Housing Act, let alone the land acquisition and slum clearance sections.

So I say if we are to bring life, and health, and laughter and good living into the kind of blighted area I have been describing, the time to start is now and the sections that the government must invoke, publicize and proclaim are sections 23 and 36 of the National Housing Act. If they will, in co-operation with the provincial and municipal governments, undertake a bold and imaginative scheme under those sections in the city of Vancouver I am sure the people of that city would applaud that kind of action.

(*Translation*):

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, this is the first time I have the honour of taking part in the debates of this house and, as do all new members, I beg your indulgence.

Allow me, Mr. Speaker, to offer you my congratulations upon your appointment to your high office.

Allow me in particular to tell you how happy I am, as Liberal member of the constituency of St. Ann, to have served and to continue to serve the electors of my riding under the direction of our great leader, the Right Hon. Louis St. Laurent. He has always been to me a source of inspiration and, in spite of the decision he has taken, he will forever remain one of the greatest figures of Canadian history.

Now, Mr. Speaker, inasmuch as we are required to stick to the subject matter of this bill, I must say that our economy was so upset by world war II that no field of finance, federal, provincial or municipal, escaped the effects of the war.

Because of restricted house building, people are forced to live in crowded quarters. As a consequence, we find that delinquency and discord in the homes are on the increase, that the standards of health are lowered, and so on. Those evils have been felt for about twenty years. We must therefore continue and even intensify the campaign launched by the previous government to meet the continuing seriousness of that problem.

On account of the restrictions which were extended into the post-war period, some dwellings have now become so outmoded that very many of them are now but slums, and a disgrace to our cities. Cities cannot rigorously enforce their regulations without evicting a certain number of families or without aggravating conditions which have become a social evil.

It is a good thing that certain changes introduced by the Liberal government should have opened up numerous horizons. Some municipalities started to carry out vast projects, in keeping with the requirements, with results which did not encourage others to do likewise. Were such projects really practicable in altogether different environments, both from the standpoint of population, family formation and of other particular social problems?

The legislation favoured the building of multiple dwellings where families of two, three or four persons could easily find accommodation. But the children of working families or of low income families have an equal right to such welfare. It is our duty to preserve these men of tomorrow, who are our greatest asset. It is our duty to provide them with an environment where life will be agreeable and where their vitality will develop normally. If we neglect them, we will only have helpless and unfit men and women to save the honour of the country when danger comes. Can this be called foresight?

Representing as I do the constituency of St. Ann, with a labour population, I know of the difficulties faced by those humble people who have entrusted me with the mandate of representing them in this house. That is why I ask that the government, in co-operation with the provincial government and the various municipalities involved, take such steps as are necessary to bring about the disappearance of these old ramshackle buildings, with no modern conveniences whatever, having neither bathroom nor shower, often having only a single combined entrance and exit, which makes these dwellings real firetraps. In proof of this, may I recall, Mr. Speaker, what happened last spring in that part of Montreal which is being rebuilt at this time. When one of those shacks burned down, one or two children perished in the flames because this dwelling provided no means of escape for its occupants.

The committee entrusted with a survey of slum conditions in Montreal classified as slum areas four well-defined sections of my constituency alone. That is why I urge the government to do all it can to make the amendments to this act, and other means available not only to Montreal authorities but to all Canadian municipalities so that all those

cities and towns may bring about renewed life in their areas marked for future clearance. And this, of course, applies not only to the Montreal city authorities but to all Canadian municipalities.

I must congratulate the preceding Liberal government which, since 1954, has constantly improved the national housing act thereby making it possible not only for individuals but also for cities and towns to take advantage of it, to improve the lot of thousands of Canadians who are still dependent upon public authorities to help them maintain their standard of living.

Slums cost us as much as the upkeep of an army division for a whole year. In a country as young as this, we cannot remain idle in the face of this succession of daily happenings which should open our eyes to true conditions.

I would like to see all the people in my riding living in surroundings favourable to their normal development and that is why I urge this government to make credit for home building more easily available and to introduce legislation with clauses flexible enough to provide for an infinite number of particular cases.

If we manage to create happiness in a few hundred families in each of our municipalities, we will be able to say that our government has done something to help the Canadian people. When the air of slum areas is cleared of the foulness fostered by neglect or laziness, it will become wholesome, and we shall see brighter faces thanking us.

People who are happy in their homes become good citizens, and it is easy for them to deal with those degrading aspects that are unavoidable in any society. Let us keep our people strong, and to this effect, they should be comfortably and decently housed.

Mr. Speaker, the Minister of Public Works (Mr. Green) recently explained the amendments he proposes to bring to the 1954 National Housing Act for the purpose, mainly, of encouraging low cost housing and the building of low rental apartment houses.

There is no doubt that higher loans and lower down payments will make it possible for more citizens to become home owners. This action is justified. However, there are other measures which the government could have proposed and which would have had greater effects in that field. There is first the rate of interest charged on loans. Under present conditions, this rate is so exorbitant that many heads of families prefer not to build a house and many promoters prefer not to undertake any large project. This rate of interest should be revised and maintained at such a level that the cost of money will not be out of proportion with other costs which the small home owner must bear. There certainly is justification at this time to consider the advisability of revising section 4 of the National Housing Act. There are also local improvements namely sewage and water services, pavements and sidewalks, which impose a considerable burden upon the small home owner. There is no provision for this in the National Housing Act except in the case of a project undertaken jointly with a provincial government or a municipality. However, everywhere those local improvements constitute a basic obstacle to the building of low cost houses. It is certainly advisable to consider helping the small home owner in that regard, either by including the cost of such services in the total annual amount charged for the loan, or by advancing to the home owner the necessary credit to pay this expense and spreading the repayment over a very long period of time, at a very low rate of interest. Not only would that facilitate construction of low cost houses but it would also be an indirect help to municipalities, which could thus provide their people with more adequate services and do it faster. Many lots which are unusable at the present time would become available sooner for the construction of small houses.

The federal government should arrange with provincial and municipal governments for them to assume the cost of public services at no cost to the owners.

Finally, there is the extravagant cost of building lots. The government should consider the advisability of establishing a policy for buying and reselling land, at terms which would encourage the building of low cost single houses.

The hon. member proposes to increase the amount available under section 22 of the National Housing Act, concerning low rental housing.

This legislation seems chiefly designed to encourage housing construction by limited dividend companies. It is obvious that there is a great demand for low cost housing in most cities. However, this legislation does not tackle the real problem, the problem of the single-family dwelling, renting at a price more closely related to the income of the head of the family and the number of his children. In my opinion, it is in the field of single-family dwellings that the act must be

amended. Section 2, which deals with an increase of available funds, takes no account whatever of family conditions.

We are going through a difficult period and the shadow of unemployment is increasingly threatening our cities, from coast to coast. The number of families no longer able to pay an economic rent, that is a rent allowing limited dividend companies to make a reasonable profit, is increasing from day to day.

The slums, which have multiplied over the years, are more than ever inhabited by low-income families.

It is in that field that government action should be stepped up without delay. In his remarks, the hon. minister has pointed out the necessity to provide employment. Well, housing construction at this time would increase by many thousands the number of jobs available in Canada.

It is up to the federal government, when unemployment is on the increase, to encourage a greater number of slum-clearance projects and to provide comfortable and healthy dwellings at a rental price commensurate with the low income of poor families whose number is much greater than we like to admit and is constantly increasing.

I wonder then why the government seems to be delaying the implementation of a family rent housing project undertaken in the heart of the city of Montreal by the former government. This project which goes under the name of *Habitations Jeanne-Mance* has, among other advantages, that of bringing about the clearance of dreadful slums where large families are crowded together without any form of physical or mental hygiene whatever. This project will enable 800 families to live in conditions calculated to make the most of their social potentialities. I hope that it will be possible to eliminate delays and that the government will see to it that this project is brought to a successful conclusion as soon as possible.

I am extremely sorry that the government seems to be taking so little heed of this festering sore, slums. I know whereof I speak, representing as I do a working class district, in which industry has constantly been encroaching upon residential areas, thereby hastening the spread of blighted areas.

I feel I am entitled to request, on behalf of the people of my constituency, that public funds be used to improve housing conditions in equal if not in a higher proportion than to foster the construction of low cost housing. There is room for low cost rental housing in my constituency and I have received assurance that the authorities of the city of Montreal will co-operate with me in bringing this about, as long as the federal government provides its own co-operation unhesitatingly.

The third and sixth parts of the housing act should be amended so as to make it easier to expropriate slum dwellings and to foster construction of subsidized housing for low income families who have no hope of ever owning their own homes. It is in that regard that the government should increase the amounts made available to various housing and mortgage corporations. The sum provided by section 23 should not be $25,000,000 but $50,000,000. As far as section 26 is concerned, we would need not $50,000,000 but $100,000,000 and even more.

There is no reason why the government should contribute 75 per cent to the cost of family houses while contributing only 50 per cent of the cost of expropriation of slum areas. The federal government would be justified in raising to 75 per cent its contribution to slum clearance. This measure would encourage many municipalities to clear up their slums and substandard houses. In fact, it is as important to clear the slums which degrade our youth physically and morally as it is to provide it with healthy housing. Both measures go hand in hand, and section 23 should tie in with section 36.

The approach to the problem of slum clearance and urban rehabilitation is not easy for municipalities. To be practical, the federal government should encourage municipalities to undertake studies of urban rehabilitation and, to this end, expand the credit facilities provided by part 5 of the National Housing Act, specially for the application of subsection (h) of section 33, providing for studies of slum clearance in co-operation with provinces and municipalities. There is no reason why the federal government should not pay at least 75 per cent of the cost of such studies.

I wish at this point to congratulate the Canadian association of town-planning for its initiative in this field. That association hired a town-planner specialized in slum clearance and urban rehabilitation and has been carrying for the past year an intensive propaganda program on this matter all across this country.

There is no reason why in a country as wealthy as Canada, slums should remain the refuge of needy families. We must use all means at our disposal to enable those families to live under conditions fit for human beings and such as to help them become good citizens. So, I hope the government will consider those few suggestions, within the

shortest possible delay, and that the required amendments to the National Housing Act will immediately follow.

(*Text*):

Mr. M. W. Martin (Timmins): Mr. Speaker, I am one of the members who decided yesterday to wait until today to take part in the debate on this bill. I find that quite a number of matters that I had intended to deal with have already been covered to some extent today by one hon. member or another. As a result, and in an effort to avoid repetition, I shall try to curtail my remarks considerably from what I originally intended to say. If perchance I should find that I am repeating some of the matters which have been dealt with today it is for the reason that I think they can bear repetition.

In addition to the normal housing needs, as they are recognized in this country, we have our rapidly increasing unemployment and increasing immigration in the last few years. The figures for this are very easy to get. All we have to do is to turn to the dominion bureau of statistics, and they give us the picture immediately of just what the need might be. But I should like to deal with another aspect of the question which is perhaps not so quickly and readily recognized in this country today. It has been touched upon by several speakers but I do not believe any of them have had the opportunity that I have had over the last number of years to realize just what a problem we have in this field. In the last seven years I have had the opportunity to work in a city fire department and, through the medium of inspections and of actually responding to fire calls, I have certainly had occasion to see just how big a problem we have in this country today in regard to slums and people living in matchboxes for houses, shacks and firetraps.

The social side of this problem was dealt with quite well by the hon. member for Vancouver-Kingsway (Mr. Macdonald). Through close association with the municipal police department, which always works closely with the firefighters, I have also been able to see that in addition to the major proportion of fire calls the major proportion of police calls are always to the same area, the same district or the same family living in the same slums. We should add up the costs involved in police protection and fire protection, jails, courts and so forth throughout the country. If we could save only part of that cost not only would we be curing a social ill but with the money we could afford to build all the houses required, clean out the slums and solve one of our biggest problems.

If hon. members over the Christmas weekend could take one day or so and go out with one of the fire inspectors and see some of these buildings believe me, Mr. Speaker, they would get an idea of what the problem is. You have to see the buildings to believe it. It is just simply impossible for the human mind to realize the conditions under which some people exist in this country. If hon. members could undergo the absolutely unforgettable experience that I have had on different occasions of stumbling around through smoke-filled rooms and carrying out the bodies of little children burned to death in those firetraps they would realize that it is a problem that we are going to have to meet in this country.

I should now like to turn to the remarks made by the minister yesterday, as reported at page 2499 of *Hansard*. In dealing with the problem, he said:

> If those interest rates are reduced to the extent that the lending institutions and the banks will no longer lend any money for housing, then we are in a real tailspin in so far as housing in Canada is concerned.

I believe, Mr. Speaker, he put his finger on the basic fundamental of this problem in Canada today. It is an admission that interest on money in this country is the most important factor and takes precedence over human welfare. Until we face up to the realization that this condition exists and grapple with the problem and do something about it, the housing problem in the country will never be solved by this bill or any other bill like it.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, that was a very revealing speech that the Minister of Public Works (Mr. Green) made last night, possibly inadvertently revealing but revealing nevertheless. Just what was it that he told us and indirectly the people of Canada? He told us and the people of Canada in effect that in this country, which is the second wealthiest country per capita in the world, our economy is organized in such a way that it is not possible for the people of Canada to have the housing they require. In explaining this amending bill, by which the government is increasing its direct contribution to the housing needs of the Canadian people, the minister told us that this was necessitated by the fact that the ordinary traditional lending sources of funds were drying up.

But he also expressed great concern for the future of housing in Canada because in his view it was not possible for the government to continue indefinitely playing the role that they propose to play under this new amendment. I wonder, Mr. Speaker, whether the minister is going to go further than that and tell the people of Canada just why that is so. I hope, for instance, that he is not

going to tell the people of Canada or try to tell them that it was all the fault of the previous government's tight money policy, as he suggested yesterday.

You know, Mr. Speaker, one gets a little weary of listening to this nonsense about tight money, even when it is gilded by coming from ministerial lips. I for one find it very hard to believe that my hon. friend and fellow British Columbian is really so ignorant and so silly as he tried to make out last night. I am sure he knows perfectly well that the tight money situation about which he was complaining was not the result of any government action. It was the result of the almost automatic operations of our economy, and if he is suggesting now that since his government came to office the tight money situation has relaxed, is he trying to tell us that it was due to some action on the part of his government or does he not really know that if there has been a relaxation it has been because there has been a slackening off in the level of economic activity in Canada. There has been less demand for funds and that is the reason, of course, why interest rates have been falling. Neither his government nor the previous government had anything to do with it.

It is true enough that the monetary authorities during the regime of the previous government did take some rather ineffective steps to curb the inflationary spiral which, despite the brave words of the present Minister of Finance (Mr. Fleming), is still continuing to climb. They did take some steps within their very limited means of action. I wonder whether the minister is suggesting to us that the way his government hopes to see housing financed in Canada is by another shot of inflation. I wonder whether that is his reason.

I suggest, Mr. Speaker, that the government had better face the realities of the situation in Canada today. I remember last session, Mr. Speaker, speaking on this particular issue, I believe it was, when I had occasion to quote from the words of a very eminent United States economist who was dealing with the economy of the Soviet union. He pointed out that there had been some very tragic economic mistakes made by the soviet authorities, that they had diverted such a very large proportion of their capital accumulations to industrial expansion that there was nothing left for the needs of the people, particularly housing needs.

At that time I pointed out that it was ironic that the totalitarian government of Russia and the laissez-faire government of Canada had presided over the same operation and had landed in the same impasse fundamentally for the same reason. In the Soviet union we have authorities making decisions with regard to the direction of investment who are not susceptible at all to any sort of public control. They make the decision and the people have to abide by it. In Canada we have a group who are making these decisions and they are equally not susceptible to public control because they have control of the accumulated savings of the Canadian people.

I think that is an important matter for us to bear in mind and I would commend to my hon. friends of the Social Credit party that they should bear in mind the fact that housing for the Canadian people can only come out of the savings of the Canadian people. There is no magic wand by which the government or the Bank of Canada can suddenly call into being funds to make house building operations possible that have no relation to real savings in the Canadian economy.

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

Mr. Cameron: Certainly.

Mr. Blackmore: Will he tell us how the Guernsey island government managed to build their market house around 1820 with Guernsey island notes?

Mr. Cameron: Yes, I could, but I do not intend to divert myself to that just now. I knew of that case probably long before the hon. member for Lethbridge (Mr. Blackmore), I think.

Mr. Blackmore: Naturally you would not like to explain it. You cannot do it.

Mr. Cameron: I read the documents about it when I was a boy, but I do not intend to be diverted to that. As a matter of fact, that particular instance underlines exactly what I am saying, if only the hon. member understood it.

Mr. Blackmore: You need to read them twice now that you have grown up.

Mr. Cameron: Mr. Speaker, as I say, housing can only come from the savings of the Canadian people and those savings are found in a number of places. They are found in the savings accounts of the chartered banks, in the funds of the life insurance companies, in the trust funds of trust companies and so on, and the individuals who are in control of them have a responsibility in the investment of those funds. I for one am not going to criticize them for having adopted the policy they have in recent months and years,

for that matter, of finding more lucrative fields of investment than housing for the funds entrusted to their care.

But there is another place in which the savings of the Canadian people can be found and it is a place where most people do not look for them. They do not consider them as savings of the Canadian people. They are found in such places as these, Mr. Speaker, in the depreciation and depletion allowances permitted Canadian corporations which in 1956 amounted to $2 billion. They are found also in the form of the undistributed profits of Canadian corporations which in 1956 amounted to some $1 billion. In those two sums alone we had nearly 10 per cent of the total wealth production of Canada, a very large proportion of the savings of the Canadian people.

I am going to suggest that if the government really intends to do something about housing in Canada it will have to stop talking nonsense about tight money, it will have to stop blaming either the Bank of Canada or the Liberal government and it will have to look to the place where those savings have accumulated and start channelling them to meet the housing needs of the Canadian people. At the present time, of course, the National Housing Act does literally nothing to aid the people in Canada who need housing most desperately. It is, of course, notorious that what the National Housing Act actually is doing is aid the more fortunate sections of our society.

One has only to examine the conditions even in the capital city of Ottawa, the capital of the second wealthiest nation in the world, to see that there are a great many Canadian citizens living in the most disgraceful conditions. There are in this city ramshackle, falling-down firetraps in which human beings are living, and they are living there because the Canadian economy cannot afford to build them houses, as the minister told us last night. We cannot afford to build them houses because we are indulging in the luxury of permitting large and powerful groups in our society to take to themselves a very large part of the savings of the Canadian people. People do not have to be even on the lower rungs of incomes in this country to be denied any benefits under the National Housing Act.

I have a young man in mind who is a high school teacher in British Columbia, drawing a good salary of over $4,000 a year and desperately in need of adequate housing for his family. It is literally impossible for him to raise the necessary down payment or the necessary funds for the purchase of a lot in order to build a house under the National Housing Act. Of course, it is equally impossible for him to save from his salary enough money to eventually build it without a National Housing Act loan.

The National Housing Act is, I think, rather ironically named because it is not contributing anything to the desperate housing needs of the Canadian people but is, as I say, really helping those more fortunate members of our community who can afford the down payment and can afford to buy lots. I would suggest, Mr. Speaker, that while this was a very revealing speech we had from the Minister of Public Works last night, we can expect many more revealing speeches from other ministers and other spokesmen for our country within the next few years explaining just why it is that the Canadian people cannot have the things that they should have from the second wealthiest economy in the world. In fact to my mind, Mr. Speaker, this bill points out the fact that we are going to come full circle to the position in which we were some years ago.

It is up to this government, and also I would suggest to the official opposition, to make sure that they have the means to make this sort of society continue to operate. I suggest to them again that to permit nearly 10 per cent of the wealth production of the country to fall into the hands of the large corporations, not for distribution to the shareholders but in order to control the form and direction of investments, is to hang around their necks a millstone that will drag them down to destruction yet.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the particular area I represent is affected to a large degree by the situation that has developed in housing because part of our economy is dependent on that industry. While I feel some good is going to come out of Bill No. 238, I certainly do not think it is going to meet all the requirements of the people of my area. We have a large lumber industry, specializing in white pine and making the majority of the trim that is used in housing today, and there are many people dependent on that industry. We have also, fortunately or unfortunately, one of the largest plants in Ontario manufacturing lumber products, the Hill, Clarke and Francis plant. This plant normally employs between 500 and 700 workers. All these employees have been informed there will be a shutdown and nobody will be employed for the three weeks over the Christmas holidays. Even in the last few weeks less than one-third of the normal number of employees have been working.

Housing has, therefore, had a great deal of effect on the unemployment situation, and in turn the unemployment situation has an effect on the housing industry. I noticed that according to yesterday's *Gazette* the minister stated:

> Mr. Green also disclosed that Central Mortgage and Housing Corporation had been advised to halt eviction proceedings against unemployed workers in Windsor—an action which might be taken with respect to other areas where required.

I would suggest that an amendment should be introduced to the effect that no unemployed person shall be evicted from a home that is financed by Central Mortgage and Housing Corporation. I believe we have some responsibility to our people. We ask them to build homes; we allow them to borrow money; we certainly want and are going to insist on the slum clearance mentioned by the hon. member for Timmins (Mr. Martin) and the hon. member for Vancouver-Kingsway (Mr. Macdonald). We are going to do something to rid ourselves of that blight, and I say we must also do something to protect the people who, through no fault of their own, are in an area where unemployment makes it necessary for the government to protect them against eviction and to protect the amount of money they have put into a home. I believe that this is a responsibility of the federal government and I, for one, would be very happy to see such a provision written into the act. Then whenever an area is declared a surplus labour area, and we have a number of those areas today, this clause could be brought into effect and people would not be faced with the possibility of losing their homes and the money they have put into them.

I believe the government must give consideration also to the problem of low cost housing. I am not going to repeat the figures given concerning the number of people who are not able to buy a home because they have not got the down payment. It is my opinion that the large down payment required has been more responsible for the slump in housing than any other factor. I do not believe it has been necessary for the government to advance money to lending institutions for housing purposes. If the government had not obliged individuals to use second mortgages and chattel mortgages in order to obtain the down payment, as many working people did, then I do not believe we would have been faced with the housing slump with which we are now faced. It is certainly impossible, in my opinion, for most of the people I know and with whom I have worked to save enough money to meet the down payment under the act as it was, and I think it is going to be equally difficult for them to do so under this amendment.

We have another problem that has been dealt with in several ways, and that is the housing problem in mining communities in particular. I refer to those mining communities that have been built and developed in the last few years, such as Elliot Lake, the Blind River development, the Bancroft area development and many others that are taking place. We are asking people to go into these communities, as they did in my own area a number of years ago, in Matachewan, Cobalt and numerous other areas, to build houses and guarantee payment over a period of 20 or 30 years. No consideration is given to the fact that in the majority of cases these mining developments will not last long enough for the people to carry out this contract. There were certain people who knew this at the time, but it was not general knowledge. I feel that some consideration should be given to areas like Blind River and Elliot Lake, where people who are working for low wages are trying to build houses and yet the mining development may not last long enough for them to complete their contract. I am told that these people are only guaranteed by Central Mortgage and Housing to the end of the uranium contracts, which is 1962. I think some consideration should be given by the government to those people who have to buy housing in these areas.

One of those particular properties in Bancroft has a novel idea which I think is a good one, whereby the employee rents the house for a period of a year. During the year he is paying a nominal rent. After the year is over, he has the option either to apply the rent that he paid for the year to the down payment on the property or to continue to rent it at a much higher rate of rent. I think that some consideration along this line could be given to houses built under the National Housing Act so that our people would be able to establish this down payment much more easily than they have been able to do it in the past.

Another thing that I think should be attached to the loans that our people get under the National Housing Act is a life insurance policy so that if a person buying one of these houses, the breadwinner of the family, were to die after paying into it for a number of years, then at least the dependants of that breadwinner would be able to live in that house and have it debt free. As I am sure hon. members know, this is done in connection with automobiles. When you buy an automobile on credit, if you die, at least your family are left with a paid-up automobile. I certainly think we should at least give the same consideration to these people who buy houses.

I believe that we in Canada should be thinking very seriously about going into a low cost rental housing development. We are finding difficulty. Certainly the fact that slums have been mentioned, and that when we walk even through the city of Ottawa we see many houses that should be torn down with decent houses being built in their place, indicates that we should be considering low cost housing where the government will put up all the money for the house and will build it. These developments are taking place at municipal levels now and they are being satisfactorily completed. They are being developed, in rare cases, by provincial authorities and I think are being satisfactorily developed in that field. The government, if it goes into this low cost rental housing, would be able to finance that housing project over a period of 40 years to 60 years and sometimes even a greater length of time. They are getting the money for the amount that they are having to pay for it and they are not having to pay high rates. I think we should give this matter great consideration. Many of the people who are existing on $1,200 and $1,400 income per year are in no way able to take advantage of this type of housing project. If they are going to have any housing benefits, they will have to receive those benefits from a low cost rental project.

Another thing which must be borne in mind—and which is not borne in mind—in connection with housing is the fact that the people who can afford housing in Canada are the people who do not need housing and will not need housing. We have many young families which are being raised with the breadwinner starting out in an occupation in which he is going to advance. He has more expense in the early days of his employment when he is raising a young family and may need four bedrooms or five bedrooms. But when finally he has raised his family and is in a position to afford the housing that our country is asking him to pay for, he no longer needs four or five bedrooms, he needs only one for his wife and himself. Hence some subsidy should be given to our young people. What we want is to see that our children are raised in comfortable fire-safe homes, not necessarily to provide a big mansion for a man and his wife in those days when his earning power has reached its peak. We want to be able to give the best possible housing to the young married couples of our country and the children who are growing up in this country. I think some subsidization consideration should be given to this problem that faces all young married couples. When their need is greatest, their resources are the smallest. If we have the welfare of our Canadian people at heart, I think we are going to give this matter some consideration.

[Mr. Peters.]

I should like to conclude by just mentioning the fact that I believe that in the mining areas in particular special housing projects are going to have to be developed. If we are going to be fair and honest with those people whom we are asking to move into these remote areas, we are going to have to give them some consideration. If they are going to move into Blind River without the possibility of knowing how long that development is going to last because of federal government guarantees on the sale of the product, then I think we are going to have to give them greater consideration in those particular areas than we do elsewhere. I think we are going to have to give consideration to the fact that people who rent in these new housing developments should be given some assistance in the down payment, whether it be in the form of no down payment or in the form of a year's rent as down payment. Some consideration should be given to them. We should scale our payments for our housing so that the smaller payments are made at the beginning, and interest rates must be taken into consideration because otherwise obviously there is not going to be any principal payment at all. But there should be low payments for the first ten years of that loan while the children are small and growing and increased payments when the people can afford to make them.

I think that if we take a survey of the needs of the Canadian people, we can continually build houses for the people in the areas in which they are needed at a rate they can afford to pay for them and that we will supply employment for a good number of the people that are dependent entirely on the housing industry for their livelihood. The one seems to me to go hand and hand with the other because in a city where unemployment is growing every day I cannot see those people or their friends going out and buying new houses; and if they do not go out and buy new houses the unemployment situation is going to grow in pace.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, before I left my constituency to come to Ottawa for this session of parliament I promised a number of people who are supporters of all parties in this house that I would extend to the Minister of Public Works (Mr. Green) their sincere congratulations on his appointment to his present position and would wish him well in all he undertakes to the general advantage of Canada. In addition to that, Mr. Speaker, I have to convey the particular congratulations and good wishes of all his comrades who served in the 54th battalion and who now reside in that

constituency. The hon. gentleman's uncle, the former member for Kootenay West, later served in the Senate. His mother at the present time is a constituent of mine. I had the opportunity for some years of being with the minister in the famous 54th Kootenay battalion. I think it is a very good indication that we live in a democracy when, regardless of difference in political opinions and keen differences on policies and things of that sort, we can rejoice in someone's receiving a recognition he well deserves. Having said that, Mr. Speaker, I must refer to the principle of the bill which is to do something to improve housing conditions in Canada.

I must say that I did appreciate the rather frank way in which the minister indicated that he would not for a moment suggest that this bill is a cure-all. If I heard him correctly last night, I think that was the emphasis he wished to place on his remarks and that he thought further consideration should be given to this subject in the near future, and, possibly, something more should be done about it. I am very pleased to hear that. To judge from his remarks as a whole I would say he would not for a moment contend that this is a complete remedy for our housing problems. This bill is a partial remedy, a very limited step in the right direction along a long trail over which we must yet proceed.

In my opinion, and I think this opinion is shared by the members of this group and every other thinking person in this house who has given consideration to these problems, a sound family life is essential for the development of a sound and healthy democratic nation. Furthermore, to have such sound families we must house them in adequate and satisfactory housing and all families must have the opportunity to enjoy such housing.

I think the minister will not for a moment deny that our present housing legislation does not provide for the needs of the most needy in Canada at the present time. I was very interested to read a short time ago an article in the Nelson *Daily News* on a talk given by Dr. Anderson, health officer for the Rossland Trail district with respect to housing and public health. I am just going to take the time of the house for a moment or two to read this because I think it places the emphasis on the subject very well.

> One of the most difficult and universal public health problems of the young adult group is housing, Dr. L. S. Anderson, director of the West Kootenay health unit told Nelson Rotarians at a luncheon in the Hume Monday. The young married couples supporting families have little left over to buy houses.

He was talking about legislation making provision for securing houses under present circumstances. Dr. Anderson said:

> Next to putting milk into babies, there is no national policy that pays a better dividend to the public health than that of putting young couples into homes.

And that is the point we wish to emphasize particularly in this group—the provision for the needs of those people and for the older citizens in this country. There is no question about it, in my opinion, that with all our resources in Canada, with all our materials and with all our skill we lag far behind a number of other nations in the provision of satisfactory housing at a satisfactory price. I have done some reading in respect to housing in New Zealand and Australia and I would suggest that members might well do the same; in fact I would suggest that the minister could find ample occupation for his good looking parliamentary assistant if he more or less delegated to him this search for information as to what is being done in other countries.

Now, with regard to all these things we lag behind Sweden, we lag behind Norway and Denmark. Why should we, a virile, energetic and skilful people with ample financial resources and land, lag behind these countries who in some cases have lesser opportunities than ourselves. That is a situation that must soon, in my opinion, be corrected.

It is a funny thing—I should say in some respects it has been a rather tragic thing—that housing has been a problem peculiar to Canada for many years. I recently read that it has been a problem since 1891; just imagine that, housing in Canada has been a problem since 1891. I want to read very briefly from the *Globe and Mail* of November 28 in this respect as follows:

> "The situation is acute", says Howard S. Rupert, Toronto welfare commissioner. "Even worse than 1913, because it is permanent", says Dr. Alvin Boyd, deputy medical officer of health. "Desperate" says Kathleen Gorrie, university settlement director. "A civic scandal", says the Reverend G. P. Parson, Anglican rector.

You can always bank on it, the Anglican rectors will dig up the scandal—

Some hon. Members: Oh, oh.

Mr. Herridge: —with respect to housing. I quote:

> It is my considered opinion the big real estate interests and land speculators plus the lack of courage of governments at all levels are solely responsible for the housing mess existing in our land. The housing problem goes back many years. In 1891, Goldwin Smith, in an article entitled Working Men's Homes, pointed out there were plenty of homes for the well-to-do. Today it would appear the same assumption is prevalent—housing provided for the well-to-do will gradually filter down to the rest of the population. Some little change in this laissez-faire attitude was seen in the Bruce report of 1934 and in the report of the parliamentary committee on housing in 1935.

The National Construction Council of Canada among whose constituent members were the Canadian Manufacturers' Association, the unions of the building trade, the manufacturers of building material and the Architectural and Engineering Institute said: "Our investigations of housing for low-income groups show that provisions of this class of housing cannot ultimately be profitable to private enterprise. The responsibility of housing these groups is, in the final analysis, the responsibility of the state."

That is the opinion of these groups representing important segments of free enterprise in this country and we are of the same opinion, that these people are not going to obtain the housing they require unless the state accepts responsibility on a much wider basis than has been the case up to the present time.

It may interest hon. members to know that the only occasion, so far as I can find in Canadian history—and history is rather a hobby of mine on those week ends when I am not in Ottawa—when a governor general of this country has appeared before a parliamentary committee of this house was to give his view on a housing measure and to urge the necessity for improved housing for low-income groups in Canada. That was Lord Aberdeen and, if my memory serves me correctly, he appeared before a committee of this house in the railway committee room in 1898. Now the problem must have been mighty acute at that time for a governor general to appear before a committee of this house in connection with housing problems. And so it has remained ever since; we have spent a great deal of money and the previous governments have done something in this department but, to date, because we have never been able to tackle the core and to meet the essential problem, which is to provide housing for persons in the lower income groups, the problem remains unsolved.

I think it is correct to say, as has been said by members of this group speaking on the resolution preceding the bill and on the bill itself, that the majority of those who require houses most at the present time are not provided for in this legislation. I hope, therefore, that the minister will continue to go into this matter and will bring in some further amendments to the housing act to look after the present situation.

I do not want to repeat the many things that have been so well said prior to my rising; I do not wish to take up the time of the house unnecessarily, but I do want to suggest that there are other things that could be done so that we might have an adequate knowledge of the situation as it exists today. I think we should explore every avenue of information so that we have the facts when it comes to dealing with this problem from the point of view of population, of financial matters, cost of materials, types of materials, the possibility of promoting more building of houses for the low-income groups and the possibility of utilizing some of the successful methods and procedures of the small holding section of the Veterans' Land Act. You have to explore every avenue to get the information, and on the basis of that information you must build a satisfactory national housing policy.

Strangely enough, in 1945, when this house was considering the bill to incorporate Central Mortgage and Housing Corporation—a proposal which my friends in the Social Credit group opposed most vigorously at that time—we were told by the then minister of finance, Mr. Ilsley, that we could not build houses at a satisfactory rate because there was a shortage of material in the country. Now we are told, generally, that we cannot build houses at a suitable rate because there is a shortage of money, though there are ample materials. We are a funny people, Mr. Speaker; one would think that it was Walt Disneyland as far as housing is concerned.

In this connection I should like to quote a prominent Canadian authority on this matter, the hon. member for Winnipeg North Centre (Mr. Knowles) who, on November 9, 1945, made a very brilliant speech on this bill to incorporate the Central Mortgage and Housing Corporation. I do not wish to read all of it because we would not have any supper tonight in that case. But at page 2006 of unrevised *Hansard* he said this:

The Minister of Finance knows that one of my favourite quotations from him, which I have read to the house before, was made on March 3, 1943. At that time he was being criticized by certain hon. members of this house, both on his own side and to my right, for what were regarded as huge war expenditures. He was being told that these expenditures would bankrupt the country, and that we simply could not go on. As recorded at page 930 of *Hansard* for March 3, 1943, the minister said:

"We do not pay for the war out of some hoard of money that we have accumulated in the past. We pay for it out of the taxes and savings that we obtain from the current income of the whole nation. We shall not run short of money. Indeed, our danger is the very reverse of that, namely, that we may pile up too much money in the pockets and bank accounts of Canadians, unless we strive with every effort to promote the sale of victory bonds and war savings certificates.

If we are bankrupting the nation, is it not indeed a strange type of bankruptcy? How can we use such a term to describe the process under which this country has doubled its national income in three years, has wiped out unemployment, has multiplied its production of many things and learned many types of new skills; has expanded and diversified the production equipment, has multiplied its governmental revenues by more than four times, has enabled millions of its citizens to acquire a nest egg for the future, has mobilized its full strength as a producing machine, and has developed a sense of productive achievement not hitherto known?"

And then the hon. member for Winnipeg North Centre goes on:

Then came this really telling sentence from the Minister of Finance, and I can tell him I have quoted it on the hustings wherever I have gone:

"No country goes bankrupt in this way; no country goes bankrupt by increasing its production and devoting part or all, or more than all, of that increase to a supreme cause."

And then the hon. member for Winnipeg North Centre quotes the minister again:

Later in the same speech the minister said:

"Let those of us who are inclined to fear the economic consequences of our war expenditures remember that these expenditures have developed and brought to light an enormous increase in our Canadian capacity to produce—an increase greater than any of us had ever before suspected."

My plea to the minister is that he launch forth upon a program of building houses for our Canadian people in the same way as he launched into a program of producing war goods. If he did so I suggest we would have the same results. Instead of bankrupting the nation or leaving us with financial problems we could not carry, such a policy would bring about an enormous increase in our capacity to produce. It would reveal all sorts of associated fields in which people could be employed, and the total result would be a tremendous improvement in the economic position of the entire country and of all our people.

After that, the record reads:

Mr. Ilsley: Does not my hon. friend agree that at the present time the construction of houses is in no way limited by financial considerations? Does he not agree that it is limited purely by physical considerations?

Mr. Knowles: I am glad to have the minister ask that question, because he is admitting, although it is not the first time, that in his view financial considerations are not a limiting factor.

Mr. Ilsley: They are not limiting the construction of houses at this time at all. The limitation at the present time is physical, and is found in the present capacity of the country to produce materials.

Mr. Speaker, I have just quoted at length what was said on that occasion to illustrate that in 1945 it was suggested we could not build houses because we were short of materials. In 1957 we are told we cannot build houses because we are short of money, though we have an abundance of materials. In conclusion, Mr. Speaker, I suggest that by using in housing the methods we used during the war and mobilizing our credit behind the full resources of this country we could provide the lower income groups in Canada with all the houses they require on a very sound basis.

I just forgot this, Mr. Speaker: I had intended before sitting down to bring to the attention of the minister the fact that there are certain people who are trying to do their best in present circumstances. Does the minister realize that there are small lumber operators in the interior of British Columbia who are working on a very small margin of profit and have been doing so for the whole of this year, although in a good number of cases these are efficient and well operated mills. Some of them, indeed, have been running at a considerable loss. At the same time there are employees in the lumber industries in the interior of British Columbia who have voted not to accept a 6 per cent increase in wages to which they were entitled under a two-year contract, in order to help keep the lumber industry going. These people have been shipping lumber to the prairies, particularly No. 1 common fir, in log lumber, two by four, two by six, two by eight and two by ten, shiplaps, sidings, boarding materials generally, at prices f.o.b. southern interior of British Columbia points—I can see the parliamentary assistant pricking his ears up as he hears me speak of this—ranging from $57.50 to $62 a thousand. I think the parliamentary assistant should be asked to find out what the lumber yards are charging to persons who wish to build homes with this same lumber after making allowance for the cost of transportation and so on.

In conclusion, Mr. Speaker, I suggest that now is the time for an examination to be made of all aspects of this problem—the need for providing an adequate fund, sound methods of financing the cost of materials, the type of materials and the services to be provided. The average man earning a low income cannot afford to pay more than $6,000 for a home. I say that from my personal experience. I think a great deal more could be done to provide the type of house necessary to a person in the low income group. Could not some further study be undertaken, particularly with respect to the possibility of the owner-building of homes and the possibility of using more of the procedures and methods which have been used so successfully under the small holding section of the Veterans Land Act.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, this problem which faces us is of such great importance to the people of our nation that I regret no more members have volunteered to speak on it. I was expecting that at least every hon. member from British Columbia would want to express the reaction of the people in their ridings to this subject.

Our people need housing very badly, our businessmen need the business which house building provides, our workers in the lumber industry need some assurance of continuing employment and, above all, our unemployed need some ray of hope at this time that this government is going to initiate a mass house building program which will supply them with a pay cheque at the end of the month.

I appreciate the fact the minister has admitted that a decline in the rate of house

construction has taken place in Canada. I would like to underline what the hon. member for Kootenay West (Mr. Herridge) said when he referred to the minister's solution as being only a partial solution. I have before me the D.B.S. daily bulletin of December 6 last which shows the decline in completed houses for the first 10-month period to be 14,292. If we add another one-fifth of the year in order to obtain the picture for the whole year we would have, unless action were taken, a decline in house building this year over last year of 17,150 houses. The $150 million that the minister made available some months ago was most welcome indeed. However, that alone was not sufficient. The first $150 million would build only 15,000 homes. I therefore endorse the principle of the minister asking this house for authority to have a larger allocation of money.

I mentioned some statistics yesterday to show that ever since the war we have not even kept pace with the growth in our population through natural causes and immigration. We have done nothing, and the act has failed in this respect. We are today faced with a worse shortage than we had at the end of the war. During all the hard years in Canada from 1929 to 1939 house building came to a standstill, and while we had six years of war we were not able to afford either labour or the physical goods with which to build any houses; therefore, we are at least 16 years behind in our house building program, and so far I see no ray of hope that this government, like the previous government, has any intentions of overcoming this shortage.

I was very pleased this morning to see the hon. member for Edmonton East (Mr. Holowach) place on the record, as the hon. member for Kootenay West did what is being done in other western democracies of the world. I hold in my hand a clipping from the *British Columbian* of December 7, 1953, in which appears a British United Press dispatch from West Germany where, in referring to West Germany, it says:

> It built 400,000 houses last year, and probably will build that many again this year.

We thought the German people were a defeated nation, yet in 1952 they were building four times as many units as we were building. I was very fortunate last month in being able to spend a few days in the German seaport of Hamburg. Half the city was laid waste as a result of the bombings during the war, and yet in the city of Ottawa today you will find more slums than you will find in Hamburg. We thought that the German nation had lost the war and that we were the victors. I did not see anywhere in that city any of the slum areas that you can find in almost any major Canadian city.

[Mr. Regier.]

Our proposals are that this government must realize that much more money has to be spent on housing, and if private enterprise is not willing to supply this money at adequate rates of interest I think the managers of Canadian investment funds should consider very carefully the consequences to their might and their power if they do not meet the social needs of the Canadian people. If they fail—and they are failing, as the record shows, and the record shows they have failed ever since the end of the war—then the government will have to assume the responsibility and see to it that these financial resources are made available to meet our social needs.

I know that the previous prime minister was opposed to subsidized interest rates for housing. I believe he said so on one occasion in this house. However, may I remind the present Minister of Public Works (Mr. Green) that regardless of the attitude toward subsidized interest rates that a former prime minister may have taken, one of the reasons why the premier of the province of Quebec wins re-elections so handily is that he possibly does more than any other public figure in Canada in making investment money available for housing for low-income citizens of Canada. Much as I may disagree with Premier Duplessis on many matters, in this one aspect at least he stands head and shoulders above any other premier in our nation.

Yesterday I noted a little conversation that went on between the hon. member for New Westminster (Mr. Hahn) and the minister in regard to research. Action must be taken to reduce the price of houses. Today you can look over the whole industrial empire in Canada and in practically no case except in the field of house construction will you find us turning out either goods or services in almost the same manner as we did 30 or 40 years ago. We have made very little progress in applying the discoveries of technology to this enterprise. I should like to commend one thought to the minister, namely to attempt to subsidize some experiments in the field of low-cost housing.

I believe the files of Central Mortgage and Housing Corporation are full of ideas on how we might tackle the problem of building a house by new methods. However, it is then left to the individual little builder to risk his neck to see whether this scheme would work. I think that some of the money voted for the field of research might be devoted to taking some of those ideas off the shelf, out of the pigeon-holes, and saying to some of our more reputable building firms: "We will make an agreement with you. Let us see whether some good might not result, and if you lose we,

the people of Canada, are willing to share with you the loss in this experiment." I have seen—and the minister well knows this—a number of builders in our province of British Columbia go out on a limb and experiment. However, they have failed and they personally had to stand the loss.

I am not very happy about the proposal to reduce the size of houses. Immediately after the war we embarked upon a rather large-scale program of building little houses,—you could almost call them little shacks —which today are not very much desired because of their smallness. I do not think the Canadian economy is so hard up or so poor that we have to begin to trim down either the size or the quality of the houses that our Canadian people are supposed to live in. I do not think that therein lies the answer.

The minister has assured us that the lending value will henceforth be more realistic. I hope when he speaks of lending value the minister also thinks of the lot as a part, as being entitled to the new approach, in determining the lending value because therein have lending values most often fallen short. The valuation placed on the lot was very much more out of line than the valuation placed on the actual home itself.

I should like to endorse in principle at least what was recommended by the hon. member for Timiskaming (Mr. Peters) with regard to insurance policies on homes. I know it is not within the field of the federal government to entertain a proposal to declare a moratorium particularly for people who are unemployed. I believe that is within the field of the provincial governments. However, at the present time the insurance feature protects only the lender and does nothing for the buyer except that the buyer has to pay for the premium. In my opinion the protection provided by the insurance feature could be broadened so that the house would be paid for in case of the death of the buyer, as recommended by the hon. member for Timiskaming. I think we could also include a provision whereby the payments would be continued in case of such unemployment as might be recognized by the offices of the unemployment insurance commission. The insurance provision now is rather lopsided in that the buyer pays the premium in order to ensure that the approved lender will be able to get his money out of the house.

My main reason for rising was that I wanted to call the minister's attention to a pamphlet issued by the Department of National Health and Welfare. I had to send to Hull yesterday for a copy of it. It is called "Housing for the Aged in Canada" and was published in November, 1957. I should like to compliment the department for giving a little publicity to this problem. They go to some length to explain how through limited dividend companies and otherwise the people of Canada are able to supply housing for the aged, especially for the aged in the low income categories. On page 3 of the pamphlet I find the following:

> Most housing projects have been built in central and western Canada, under the National Housing Act. During the period from 1946 to 1957, C.M.H.C. advanced loans of nearly $5.8 million towards the cost of 1,416 living units for the elderly.

That sounds very nice until you analyse it. There have been 1,416 living units built for the elderly in 11 years or 129 units per year. If we divide that by ten representing the number of provinces we have an average of 13 housing units for our elderly citizens in each province in each of the past 11 years. It is a shameful record, to say the least, when the figure is broken down. When you see the figure of $5.8 million it sounds like a lot of money but when you break it down you see that it is a most niggardly amount indeed.

I think that the minister might be able to do something in this respect. I know that at the present time there are various arrangements under different sections of the act. The most commonly used section is that whereby a mortgage is granted for a period up to 50 years in the case of homes built by limited dividend corporations. However, in the province of British Columbia the provincial government pays a grant towards the capital cost of such building. Their contribution amounts to one-third of the cost. The government of Saskatchewan also pays a grant to any organization building low rental homes for senior citizens in that province. Not only does it do that, but it also pays an annual grant for the maintenance of such homes thus enabling the rentals to be kept low.

In my opinion the federal government is not assuming its share of the obligation in this respect when it offers only a mortgage for 50 years which it expects to be repaid with interest. I realize that the interest rate is much lower than the rates on individual homes. However, I believe that the government should be able to match the grant of any provincial government, thereby enabling and encouraging the supply of low rental homes for senior citizens.

In other words, we recommend that a lot more money be made available, that interest rates and rentals be based on cost and that where necessary they be subsidized, that our

municipal governments be given greater encouragement and provided with more money at lower rates of interest and that the government exercise greater control.

I remember that the C.C.F. fought an election in 1945 and in their program they advocated that one million homes be built at the rate of 100,000 per year in each of the next ten years. The people of Canada likely thought we were too radical and not enough of them voted for us. However, since that time Canada has done just that. In the ten year period roughly one million new homes have been built at an approximate rate of 100,000 per year, some years more and some less. The C.C.F. party was overly modest at the time and I hope that now the minister's slogan will be that he is going to embark on a program that will build for Canada 250,000 homes in each of the next ten years. If he does that, then at the end of the ten year period I believe rents will begin to decline and we will have somewhere near an adequate number of homes.

I should like to close with this thought. As the minister knows, the late E. E. Winch, father of the hon. member for Vancouver East (Mr. Winch), possibly did more than any other man in British Columbia in his lifetime to supply housing for those on low incomes. After he had passed away a bulletin was issued in February, 1957, by the Vancouver housing association which contained an article by Laura Jamieson, president of the new vista society, in which she had this to say about the late E. E. Winch:

> Of all the causes to which he gave his devotion and enthusiasm, housing for senior citizens of low income was the one where he could build and see the result; where he could see and talk to the elderly people who, by his efforts, were able to leave their hovels and cold rooms and live in simple comfort and security.

I was one who yesterday wished the new minister well and expressed some confidence that in this field at least his heart would be in the right place. When the day comes when both he and I possibly will no longer be here I hope someone may write this of him: When the late Hon. Howard Green took over as Canada's minister of public works in 1957 he found mass unemployment in the construction and lumber industries; he found that the savings of the Canadian people were at an all-time high but that too little of these savings was being devoted to housing; he found that his fellow citizens lacked over a million homes. The late member had long subscribed to the belief that government is an instrument whereby people do for themselves together those things which they cannot well do for themselves as individuals. The socialist approach, the cleansing sea breezes and rains of his province, combined with his intelligence and strength of character, caused him to embark upon a mass home building program until after a 10-year period it could be said that rents were declining and every Canadian family was supplied with an adequate home.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like first of all to call the late Howard Green back to life so that I may address a few words to him, on the basis of which I hope he will take the kind of action that could result in an appropriate epitaph being written many years hence.

Mr. Speaker, because this bill does propose two amendments in the housing legislation, because the minister has at the same time indicated that one or two other improvements are to be made by a change in the regulations and by ministerial direction, we of course welcome the legislation and will give it our support. We were pleased also to hear the minister indicate in his remarks last evening that he is serious about the housing situation and that he would welcome suggestions from members of the house, indeed suggestions from any source. I hope that he will give very serious consideration to the many suggestions that have been made to him during the course of this debate.

Perhaps there are others, but I should like to catalogue some of them for him within a brief compass. First of all, there has been urged, particularly from this corner of the house, that there should be a reduction in the rate of interest on mortgage loans. I shall come back to that in a moment, but I list it as the first of the problems to which the government should address itself. Secondly, there has been made the suggestion from a number of quarters in the house that the amortization period should be extended perhaps to 30 years or even longer. The third suggestion is—

Mr. Green: May I point out that it can be 30 years rather than 25 years under this agency loan plan.

Mr. Knowles (Winnipeg North Centre): Yes, I recognize that. I would point out to the minister that I suggested 30 years or even longer. One or two members in the debate have suggested an amortization period of 40 years, which should be reasonable if we are building good homes.

The third point which has been made a number of times is that the price of the lot should be taken into consideration in arriving at the lending value of a home. The fourth suggestion has been made on other occasions, I am not sure whether it has been made

during the course of this debate but I present it for the minister's consideration now, that the cost of major appliances might also be considered as part of the cost of a home for mortgage purposes. No one doubts that the cost of heating equipment is part of the price of a home, but in this day and age some other things, particularly in the field of major appliances, are also a part of a home and we think they should be included in that cost so far as the lending value is concerned.

A fifth suggestion that has been made has to do with life insurance for the wage earner who purchases the home, and I think that, too, should be given consideration by the government. A sixth suggestion that has been pressed, particularly from this corner of the house but from other sources as well, is that of the need of low rental housing. We feel that that is one area where the government policy is seriously lacking. We would like, in the seventh place, to urge an expansion of facilities to make possible homes for the aged, and that in addition to assistance for the building of projects for housing senior citizens in one location special consideration might be given to assisting elderly people individually to have decent homes to live in, on the understanding that they are good homes and the kind on which money could be lent knowing that they will have value for some considerable time.

Perhaps there are other suggestions, such as redevelopment and slum clearance, Mr. Speaker, but I thought that it might be useful to catalogue these seven proposals and to urge that very serious consideration be given to them by the government if, as the minister said yesterday, this government is serious about the business of housing and really wants suggestions from members of parliament. I have in mind the words the minister used yesterday as recorded at page 2498 of *Hansard* for December 17, 1957:

> We regard ourselves as being in business for the purpose of improving housing in Canada, and particularly housing for Canadians in lower income groups.

I said when I indicated the first of the seven points which I listed that I was coming back to it, and I do so because it seems to me that what the minister said yesterday regarding interest rates is an indication of the bankruptcy of the present government and the former government with regard to housing policy. Both the two major parties in this house seem to accept as an insuperable barrier the fact that interest rates cannot be reduced so that our people can have proper housing. The Minister of Public Works (Mr. Green) used certain words yesterday as recorded on page 2499 of *Hansard*. They have already been read back to him today by my colleague the hon. member for Timmins (Mr. Martin) in another connection when he made reference to the tragedy of the number of fires that take place in our country at this time of the year. One is conscious of the fact that these serious fires, in which children and others lose their lives, are for the most part fires that take place because we have far too many substandard dwellings, houses of a type that should not continue to exist in Canada in this second half of the 20th century. These were the words the minister used yesterday:

> There is nothing the government would like more than to be able to reduce interest rates on housing. If those interest rates are reduced to the extent that the lending institutions and the banks will no longer lend any money for housing, then we are in a real tailspin in so far as housing in Canada is concerned. This is one reason why housing has fallen away in Canada this year.

My colleague, the hon. member for Burnaby-Coquitlam (Mr. Regier), let his imagination work a bit, and quite effectively, when he referred a few moments ago to the late Howard Green, so let me use my imagination and ask the house what would have been said if the Minister of Public Works, in making this statement yesterday, had used exactly these same words in relation to something other than housing. This is imaginary, for it deals with a field in which the federal government does not have responsibility, but just supposing this minister or a minister of any government anywhere in Canada had said this yesterday:

> There is nothing the government would like more than to be able to reduce interest rates on education. If those interest rates are reduced to the extent that the lending institutions and the banks will no longer lend any money to enable parents to pay for the education of their children, then we are in a real tailspin in so far as education in Canada is concerned. This is one reason why education has fallen away in Canada this year.

Mr. Speaker, if any minister of any government in Canada had made a statement like that in this year of 1957 it would have been treated with the ridicule it deserved.

Our people would say, "Surely education does not depend upon the possibility of banks and lending institutions making a profit out of it. Education is something our people are entitled to. It is something that we can afford and that our people are going to have regardless of the incomes of our individual families." We say that for the government to claim that housing will go into a tailspin if we reduce the cost of it to our people is to admit bankruptcy in this field.

I was interested in the quotation that my colleague the hon. member for Kootenay West (Mr. Herridge) put on the record a while ago,

in which he quoted me quoting Mr. Ilsley a number of years ago to the effect that anything we produce, anything that we provide for ourselves as a nation, we pay for out of current production, that we do not go bankrupt by increasing our production and devoting that production to a great cause. We have the materials. We have the labour power. We can produce decent housing for our people to live in. But somehow or other this insuperable barrier seems to have gotten in the way, this notion that there has to be an adequate rate of interest or in other words that profit for the banks and the lending institutions must come first, and that if that profit cannot be had, then we cannot have housing.

We would not stand for an attitude like that toward education. Just imagine what would happen if this heading in this afternoon's Ottawa *Journal* had read in a slightly different way than it reads. This is the story of yesterday's debate on housing and the headline on page 7 of tonight's *Journal* reads; "Green Worried Money for Homes May Run Out". I think that is a fair comment on the speech the minister made yesterday. Suppose instead the headline had read, "Green Worried Money for Education May Run Out". We would not accept that. We would take the position that this country has come to, namely that education is the right of all our children and that it has a prior claim over the profits that banks and private lending institutions feel they must make. We say the day will come when the country will accept housing on the same basis and will say that our people, being the people who produce this nation's wealth, are entitled to good homes to live in and must have them rather than that profit should be made first.

As a footnote to what the minister said in that statement to which I have taken exception, he said later on, as reported in the same column on the same page 2499 of *Hansard*:

> —I pointed out that the bulk of the money being advanced now is coming from government funds through Central Mortgage and Housing Corporation, and that is actually the case. But that situation cannot go on forever.

Why not, Mr. Speaker? If the minister admits that under the present circumstances the only way in which homes can get built for people who need them, the only way in which we can get around this insuperable barrier of high interest rates and the demand for profit, is for the government to make the money available, why should it be just a temporary means? Why should we not accept it as a basic principle that we are going to use the powers that we have as a community, as a nation, through the state to channel the savings and the wealth that our people produce into this socially desirable aim, namely the building of homes?

I urge the minister to give serious consideration to all the points that we have brought to his attention in the course of this debate but I say to him if he really wants to do something about housing, if he is really in earnest about the matter, he must get over this notion that somehow or other the profit of the banks and lending institutions as expressed in the interest rate they must have takes priority. That notion must be got around and we have to get to the principle that the providing of homes is a socially desirable aim and that it is perfectly consistent with our way of life that we direct the savings of our people through government channels to make money available at low interest rates so that people can have decent homes in which to live.

There is just one other comment I wish to make, Mr. Speaker. We are urging improvements in our housing legislation because we believe in the provision of good homes for their own sake, for the sake of our people. But it is also true that in the building of homes there is to be found one of the most immediate ways in which to deal with the problem of unemployment. As everyone knows, house building involves a great many subsidiary types of employment. We feel that this is something to which the government should pay very close attention, particularly in view of the alarming figures which were made public yesterday by the Department of Labour and the dominion bureau of statistics. The figures which were published yesterday show that in the month from the middle of October to the middle of November this year there was an increase in the unemployment rolls of 26 per cent. Those figures also show that as at the middle of November this year compared with the middle of November a year ago there has been an increase in unemployment to the extent of 74 per cent. In the light of those figures I suggest that this minister responsible for this important field of housing should realize that he has a tremendous opportunity, not only to take steps to meet the need of better housing for our people but to make some real dent in this unemployment situation.

We welcome the statement of the minister that he is serious about the matter. We welcome his statement that he would like to have suggestions. Now that we have given them to him, we hope that he will act upon them with the least possible delay.

(*Translation*):

Mr. C. N. Barbes (Chapleau): Thank you very much, Mr. Speaker. I wish to make a few very brief remarks concerning the bill under discussion at this time.

The government proposes to amend the 1954 National Housing Act with a view to increasing by $150,000,000 the money made available to Canadians to further improve the housing situation in this country. The former government had set aside $250,000,000, for that purpose, and loans were being granted from these funds as late as September 1957, according to the terms of section 16 of the National Housing Act, chapter 23 of the statutes of 1953-54.

The *Société des habitations modernes incorporées,* of Amos, in the county of Chapleau, had a $372,685 loan approved on September 19, 1957 by Central Mortgage and Housing Corporation in order to promote the construction of 48 new housing units in the town of Amos. This money will be paid over to the construction company and eventually people will be put in a position to occupy the housing units built in this way, the amortization period in this case being spread over 40 years.

The monthly payments will be approximately $60.50 for single, two bedroom units. This step is altogether praiseworthy. I am happy that workers from my constituency have been able to find employment during a difficult period and that this work happens to be connected with housing. I am also happy that these houses are to be offered to workers who are in most pressing need of housing, as well as to their families.

It is fortunate also that the 1954 housing act and action taken by the former government have made this progress possible in my constituency. I am in favour of the amendments, Mr. Speaker. As one father who has himself bought a comfortable home for his family on favourable terms, I would like to see every one of my fellow citizens enjoy a higher standard of living through improved housing accommodation.

In 1956 we built close to 135,000 housing units and, as of September 1956, one million new housing units had been built over the last 12 years through federal financial assistance as well as through unassisted private enterprise.

Mr. O'Hurley: Would the hon. member care to give more information on the figures he has just quoted?

Mr. Barbes: 135,000 housing units in 1956 alone, and one million housing units constructed between September 1954 and September 1956.

I know that certain minimum standards must be respected, and certain definite types of houses built according to federal legislation. I wonder though what kind of supervision is carried out as far as the building itself is concerned. The new house being the government's security, it will readily be understood that it should be built according to certain standards of soundness, also to protect the occupant who has to pay for the house, and to ensure him improved accommodation. An attempt will be made to reduce the price of homes under construction but we wonder if, as an immediate consequence, there will not be a falling off in quality of craftsmanship in proportion to the corresponding decrease in price. If the price is $2,000 less, for example, there should be a check on the quality of materials used, and especially on the soundness of the construction methods.

Central Mortgage and Housing Corporation acts through the bank and lending institutions, as well as through private organizations. But who supervises the work? Who gives approval? Who guarantees that the building is put up in accordance with the plans and specifications laid down by Central Mortgage and Housing, that is, in final analysis, by the government?

I wonder if there is adequate supervision in cases where the prospective owner cannot personally supervise the work. It might be said that the houses are checked by a local agent of the C.M.H.C., a man who is very busy and who possibly lives forty miles or more from the building site. I do not question the competence of the men who pour the concrete into the forms, or of those who put up the framework and make the windows draught-proof but, as section 18 of the act prescribes that the work be inspected while the house is being built, I believe it is wise to determine when, by whom and how the certificates are issued testifying that the work was done according to the regulations and to the plans.

I have some fears in this regard and I point out to the government the need of closer supervision during construction if the purpose of the act is to be fully achieved. If the foundation breaks down because there is not enough cement in the concrete, if the walls are not properly insulated against cold, if heating costs are too high, this legislation, meant to be so helpful, will have failed of its main purpose.

To my mind, close supervision is important if we want the poor owner to be spared the obligation of giving up his house after a few years because of too rapid a deterioration of a house which was not properly supervised when it was being built.

A man who undertakes to make payments for 40 years has the right to demand that a house be sound enough for him to feel some pride of ownership.

Therefore, as we are about to put another $150 million into this undertaking, I believe it is advisable to call the attention of the government to the need of closer supervision of the work while the house is going up and not after the purchaser occupies it with his family. The builders, men of initiative, will receive the money so loaned, which the owner will have to pay back. So, let us lend the money but let us protect the ones who will have to pay back the cost of the building. Of course, it is important that builders make a profit but, above all, what is required is good low cost housing for Canadians and their families.

Having said this, I approve of the bill because I approve of more housing, better living conditions and I wish to facilitate the purchase of a house by the greatest possible number of young Canadians and thus encourage them to save more by becoming home owners.

(*Text*):

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. Howard C. Green (Minister of Public Works): After having had such a nice epitaph written about me I am not sure that it is safe for one with Irish blood in his veins to say anything at all at this time because, after all, we are a bit superstitious. However, this has been a very useful debate and I am grateful to those members who have taken part in it. Many suggestions have been advanced in addition to quite a few new ideas, all of which will be given, as I promised when speaking at the resolution stage of this measure, the most careful consideration.

It is very fitting that there is such interest shown by members of the house in this housing question, which, after all, is pre-eminently a human question. The lives of our Canadian people are so involved in the whole matter that naturally all of us are deeply concerned about working out the best possible solution to the problem.

I think it would be inappropriate if I were to deal with the questions which have been raised during last evening and again this afternoon, but there are one or two points which I would like to place before the house. The first is this: There are other schemes under the National Housing Act which bring about lower rental housing, for example, the limited dividend plan under section 16. Hon. members will be pleased to learn that great advantage has been taken of that section during the present calendar year. In fact, during the last ten months Central Mortgage and Housing Corporation has received more applications for loans to limited dividend companies than in any previous period of comparable duration. In these 10 months there has been more than $21 million committed for loans to limited dividend corporations.

Then there have been many different schemes in which a provincial government and the federal government have shared. We are always on the lookout for a redevelopment plan and I am sure that was also the attitude of the former government.

One of the members mentioned today that the Jeanne Mance project in Montreal had been delayed by the present government. We are going right ahead with the plans for that huge project and we are hoping it can be completed at the earliest possible time. Mind you, there was some difficulty about it some weeks ago because it was all mixed up with the municipal election in the city of Montreal. One group wanted to go ahead and another group did not want it to go ahead, so until that dispute could be resolved it was rather difficult for the government to step in and show much activity.

We would be delighted to see redevelopment schemes of this kind in other cities. One, for example, has been recommended after a survey, for which we paid a large portion of the cost, in the city of Vancouver, and some reference was made to this by the hon. member for Vancouver-Kingsway (Mr. Macdonald). I am hoping that the city and provincial authorities will see fit to start moving on that project at a very early date. This type of work, I am sure, has the wholehearted support of everybody in the house.

Some hon. members have referred again today to the interest rate. I dealt with this matter last evening. It is a situation which has to be faced, and there is one further feature which I did not mention last night but which I think is material, that is, that under our small homes loan plan, commonly called the agency plan, loans have already been approved for almost $150 million, as I pointed out yesterday, involving 15,456 units. Part of the money we are now requesting is to carry on this agency plan. Hon. members will realize it would be very unfair to the people who have signed up under the plan if we were to make a change in the interest rate at the present time. It is not as though the money were not being taken up; it is being called for at a very rapid rate and I believe that with

the additional funds for which we are now asking there will be perhaps 25,000 housing units built in Canada during this winter period as a result of the plan.

Mr. Barnett: Would the hon. gentleman permit a question? I should like to ask the minister if it would not be possible to re-write the interest rate of existing contracts?

Mr. Green: I would suggest that that would not be a practical thing to do where you have over 12,000 loans out already and more going out every day. One of the dangerous features about these suggestions under present conditions is that we are trying to get these houses built quickly; we are trying to get men at work quickly. If we assume there are five men at work on each of these units, that would mean 75,000 men at work in Canada on this housing, and if there were some doubt as to whether the interest rate were to be reduced as a result of the suggestions being made now, the first thing that would happen would be that people would stop taking loans and building would stop. As I say, there is this time element involved. One of the main reasons why the government adopted the policy of using government funds for these loans was to help the employment situation. The policy is essentially one to meet the conditions existing in Canada at the present time, and it would be very detrimental to have changes announced now which would, or which might, have the effect of stopping employment.

This plan is going extremely well now, far beyond what my colleagues or myself dared hope. It is a great success, and I hope that nothing will be done to stop it continuing to be a great success, giving thousands of Canadians work, making thousands of new homes available for Canadians in a much lower income group than those who have been benefited hitherto under the National Housing Act and, I think, helping to build a far better Canada.

I am very grateful for the support which has been given to this particular bill from all sides of the house even if there have been a lot of "ifs" and "buts" attached to that approval.

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

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 1.

Mr. Ellis: Mr. Chairman, arising out of the remarks made by the minister, I should like to ask for further clarification of one or two points. I note the minister said that a lowering of the interest rate would have the effect of reducing still further the amount of money which private lenders might put into the lending field. Are we to conclude from this statement that the minister does not see in the foreseeable future any reduction in the present high rate of interest? Does the minister in effect say that if we are to expect an increase in housing in Canada it is going to depend on an increase in the interest rate? The minister made a statement to the effect that by lowering the interest rate we would be putting housing starts into a tailspin, except for the fact that the minister looks upon this as being a temporary way of dealing with the situation; that is to say, direct lending is simply an expedient, an emergency program designed to carry us over a temporary period. Can the minister indicate whether he feels that there is a likelihood of private lenders taking up the slack by increasing the amount of money which they might put into mortgages without an increase in the interest rate?

Mr. Green: Mr. Chairman, I am very hopeful that private money will provide the necessary funds next year for housing, and that those funds will be provided at a rate which certainly would not be any higher than the present rate of 6 per cent. No one can tell at the moment what the situation will be next year. My hon. friend will realize that the rates under the insured loans which are made by the lending institutions with their own funds would have to be kept at the same rate as is charged on these agency loans which are made with government funds. It would be chaotic to have a different rate on the two different types of loans.

I am informed by my officials that in the normal course the amount of $150 million in a year, which was what we provided under our original plan, would be only something like 10 per cent of the total amount of money required for housing. That will explain our difficulty to the hon. member. I do not say there is anything sacred about the present rate. Rates have been changed before and I would think that they would be keeping in line with what the actual conditions are across the country.

Mr. Ellis: Mr. Chairman, would the minister care to give us his opinion as to why lending by private lenders has fallen off in the past year, thus necessitating an increase in direct lending by Central Mortgage and Housing Corporation? Why have conventional lenders not provided the mortgage money?

Is it because they feel the interest rate is too low? Would the minister venture an opinion on that?

Mr. Green: I mentioned last night that I believed there were two main reasons. One was that the mortgage companies and the banks could get higher returns by making other investments; therefore, they put their money in other fields. The other reason was the tight money policy which was in existence at the time we took over the responsibilities of government and which had resulted in a shortage of money, a shortage of loans, for builders and for activities of that kind. In my judgment it hit the house-building industry harder than any other industry. We were faced with the position where there simply was not the money going into the house-building field and if we had not moved the picture in house building in Canada this year would have been very bad. We moved to meet this need.

Mr. Ellis: Would the minister not say that next year the same situation will apply; that the approved lenders might find it more advantageous to invest their money in other types of construction work; in other words, the situation which exists this year. What reason has the minister for suggesting that the situation will be materially different next year or the year after?

Mr. Green: The situation has already changed considerably because money is now cheaper and the yields are not as high, for example, on bonds, and also the tight money policy is not in effect and it is easier for builders to borrow money from the banks.

Mr. Ellis: If money is cheaper why can the effect of that cheaper money not be passed on to house builders?

Mr. Green: I think that earlier in the year the situation was out of line. Mortgage lending was not an attractive investment. The position is now getting back to normal where you do not ordinarily expect to get the same return from a bond, a provincial bond, for example, as you would get from a mortgage. That was almost the situation last spring.

Mr. Marler: I should like to add a few remarks to what has been said on the subject of the rate of interest. I think it is a fact that the increasing of the rate to 6 per cent during the early part of this year had the definite effect of increasing the supply of money for mortgages. I had the occasion earlier in the year, after the increase of the rate to 6 per cent had come into effect, to talk to the president of one of the large life insurance companies of Canada and he told me that as a result of the increase in the rate his company was going to invest a larger sum of money in mortgages this year than they had originally planned to do. I think the truth of the matter is that though all of us would like to see a much lower rate of interest prevailing on mortgage loans the rate must always be set at a level which will attract not just government money but outside money.

The point I was trying to emphasize yesterday when we were at the resolution stage of the bill was that in the three years, 1954, 1955 and 1956, a period of great activity in Canada, a period of great development and a period when there was tremendous demand for investment moneys of all kinds for all kinds of purposes, more than $1,500 million was put up by the lending institutions of Canada to build, I would say, pretty close to 400,000 dwellings. Of the total, as I said yesterday, the amount put up by Central Mortgage and Housing Corporation was, I think, in the neighbourhood of $65 million. In other words, the government contribution was small and the lending institutions were satisfied with a lower rate of interest than now prevails to advance some $1,500 million. I hope, Mr. Chairman, that that situation is going to repeat itself and we are going to find that lending institutions generally will be attracted by the mortgage as a form of investment for their funds, that is to say, the funds of their policy holders and in some cases the funds of their shareholders.

But, Mr. Chairman, I should like to say a word in reply to what the minister said on the question of tight money. The fact of the matter is that you can call it tight money and try to attribute responsibility to the former government for that situation. If there is responsibility for the former government there is certainly responsibility for the present government which has done nothing whatever to change the tight money situation.

Mr. Green: This $150 million is helping that.

Mr. Marler: No, all the minister is doing by taking the $150 million and applying it to housing is to increase the amount available for housing but he is subtracting a corresponding amount from the supply that is available for other forms of endeavour.

Mr. Green: Oh, no.

Mr. Marler: I know the minister will not understand that because he has repeated the same thing too often now to be convinced. But I do want to say that the truth of the matter is that in Canada we have had a program of expansion without precedent and every form of industry which wished to

develop wanted to borrow money or wanted to obtain money by the sale of shares or in some other fashion. Personally I think we have been very fortunate in that we have succeeded in attracting some $1,500 million into the mortgage field and building as many houses as have been built in the last three years. In the year 1957 I think conditions have been more difficult because there has been a much greater demand from industry for money and those people who have some association with investors and mortgages know that a great many investors prefer the simplicity of a bond, the fact that they can go to their safety deposit boxes and clip the coupons every six months. They do not have to worry whether the taxes on the property are paid, whether the house is going to burn down, whether it is insured, whether the borrower is keeping up with his payments.

The unfortunate fact is that in comparison with other forms of investment a mortgage presents greater difficulties of administration, is less negotiable and consequently is less popular with certain investors. I think that is a disability that is very difficult to overcome and, while it may not be popular to say so, I think the rate should be at a level which will attract funds rather than discourage them. Whether or not that rate should be 6 per cent is something for the government to decide but it should always be a rate which is going to attract funds into the housing business because we certainly need to go on building houses.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am not quite sure which is the pot and which is the kettle in this exchange between the Minister of Public Works and the hon. member for St. Antoine-Westmount. I was not sure whether the member for St. Antoine-Westmount was trying to put up a better defence for present government policy than the minister has put up or whether he was defending the policy of the former government. But it does seem that what has been said by the minister and the member for St. Antoine-Westmount underlines the contention that we in this corner of the house sometimes make. Members of the two old parties do not like it, but it has been demonstrated again tonight that there is not really much difference between them when it comes to something fundamental.

Mr. Pickersgill: Facts are facts.

Mr. Castleden: And interest is interest.

Mr. Knowles (Winnipeg North Centre): The hon. member for Bonavista-Twillingate, with whom I used to have interesting discussions in the halls of United College in Winnipeg in bygone days, says that facts are facts. Well, the fact is that both the Minister of Public Works and the hon. member for St. Antoine-Westmount talk about this matter in terms of housing being an attractive investment to those with money to lend. It is our contention that that is what is wrong, that is what is bankrupt about the policies of both the old parties.

Mr. Pickersgill: You want to make it unattractive.

Mr. Knowles (Winnipeg North Centre): They think of housing in relation to the amount of profit that can be made by private investors. In one little sector of this housing legislation, which was put on the statute books by the Liberals and which the Conservatives are using there is a slight departure from that principle, namely in the one little sector where provision is made for public money to be used when private money will not come into the breach because not enough profit is being made. Yet even when the Minister of Public Works is taking credit for the loosening up on tight money by extending more money through agency loans, he still says that this cannot go on forever, that it is only temporary. The Minister of Public Works said that you cannot ask for the return on money invested in housing to be out of line with the return that investors can obtain in other fields. We contend that what is out of line is that the cost of homes for our people is out of line with the priority that should be given to homes, out of line with the social desirability of homes being one of the things that we produce first with the effort that our people apply to our raw materials.

If it is being demonstrated by the facts, as the hon. member for Bonavista-Twillingate put it, and by the arguments of the Minister of Public Works and the hon. member for St. Antoine-Westmount that the present system is not able to get homes built for our people, then we contend we have got to move a great deal further along the line of making public money available so that in effect we channel the savings of our people into the socially desirable purpose of building homes. We regret very greatly the slowness and delay of the present and the former government in this field but at least we welcome the fact that the picture is becoming clear that both of the old parties think in terms of housing only as an attractive investment. We think rather of housing as a social end that should

be achieved, an end to which the resources, raw materials and the labour power of this country should be devoted.

One of the reasons we have given support to the bill is that it proposes to extend slightly the amount of money available for agency loans. However, we are just as sure as we are that we are here in the house that the day will come when we will have to move a great deal further in that direction. We think the Canadian people deserve a government that will move that way because the government believes in it rather than because it is forced into it.

Mr. Regier: Mr. Chairman, I assume that part of the $150 million allocated a few months ago and part of the additional $150 million now being asked for will be supplied to approved lenders and will reach the purchasers of homes by way of purchaser loans. Am I right in the assumption that a share of the first $150 million and of the additional $150 million for which the minister is asking will be used to supply additional insured loans to the Canadian people?

Mr. Green: I am not very sure that I heard the hon. member's question correctly. Agency loans are quite different from insured loans. In the latter case the money is put up by the lending institution. The agency loan is put up by Central Mortgage and Housing Corporation which in turn obtains its money from the receiver general. Agency loan money did not go into the insured loan plan.

Mr. Regier: I wish to thank the minister. In other words, I am now assuming that none of the $300 million is to be used for the purpose of supplying any of what we have been used to labelling insured loans.

Now, I must return to the question I was asking yesterday. Could the minister tell me, if I obtain one of these new loans from a bank on which I have to pay the standard 6 per cent, how much does the bank have to pay to the government for this money?

Mr. Green: In so far as the insured loan is concerned, the lending institution does not get money from the government at all. It advances its own money. All that is done under the National Housing Act is that repayment is insured under the insurance terms of the act.

Mr. Regier: The minister has explained that none of this money will be used for the purpose of issuing insured loans. However, I understand that if I want one of these loans I will have to apply at a lending institution, one of the approved lenders, and I must pay the approved lender 6 per cent. How much does the approved lender have to pay in order to get this money out of the government?

[Mr. Knowles (Winnipeg North Centre).]

Mr. Green: I think the hon. member's difficulty is this, that in addition to lending their own money, the lending institutions are acting as agents for Central Mortgage and Housing Corporation in putting out this $150 million which will be increased when we get the amendment through.

There are two types of loans. You may go to an approved lender and get a loan under the insured plan or you may get it under the agency loan plan. In the latter case the money is government money, but mind you the agency loan plan money is only available for these small homes. If you want to build a big house on Shaughnessy Heights you cannot get any money under the agency plan. You would have then to come under the insurance plan and take your chances with the lender.

Mr. Regier: I wish to thank the minister. However, perhaps now the minister can answer this, and this is what I have been after all along. Who gets the difference between the cost of this money to the government and the rate that the purchaser has to pay? I believe the government obtains its money at slightly under 4 per cent. Who gets the spread between the 4 per cent or whatever it is and the 6 per cent? Is it the approved lender who is acting as agent in this case or is it the Central Mortgage and Housing Corporation?

Mr. Green: In so far as an agency loan is concerned, it would be Central Mortgage and Housing Corporation. The figures I gave last night showed that Central Mortgage and Housing Corporation pay 4⅜ per cent to the receiver general for the money, then pay about ⅔ of 1 per cent for putting the loan on the books and pay ½ of 1 per cent per annum for the collection fee.

Mr. Regier: According to my calculations, Mr. Chairman, and I think I have it right now, Central Mortgage and Housing Corporation pays 4⅜ per cent, then the lender, who is an agent, receives ⅔ of 1 per cent and ½ of 1 per cent, so the interest rate is up to 5-13/24 per cent. In other words, Central Mortgage and Housing Corporation has a net return there for handling all this money of 11/24 of 1 per cent. I understand that in addition to the ⅔ of 1 per cent and ½ of 1 per cent there is also a scale of fees which is paid by Central Mortgage and Housing Corporation to the lending institution or are the fees which the minister read out this ⅔ and ½ of 1 per cent?

Mr. Green: These fees of ⅔ of 1 per cent are paid to the lending institutions for putting the loan on the books.

Mr. Marler: That is paid once, I take it?

Mr. Green: Yes, and ½ of 1 per cent per year is paid to the lending institution for collecting the money.

Mr. Knowles (Winnipeg North Centre): I realize the hon. member for Burnaby-Coquitlam was referring to himself just as an example and the Minister of Public Works was answering him as though he was an example, but just to have the record clear is it not a fact that by a provision of the Senate and the House of Commons Act members of parliament are barred from the advantages of the National Housing Act?

Mr. Pickersgill: Do not give a legal opinion.

Mr. Green: I am afraid I do not know.

Mr. Castleden: I had difficulty in following the minister's answer to one of the questions that came from this corner of the house. It was stated we thought the government should lower the rate of interest, and that was our amendment. The minister stated that they could not possibly lower the rate of interest being charged for these loans because that would discourage investment. I should like to ask the minister this. Is it not a fact that if he were to lower the rate there would be more houses built than if the rate were allowed to continue where it is? If you lowered the rate of interest you would lower the cost of building houses.

Mr. Green: I think the result would be exactly the opposite. If we lowered the rate on these agency loans, then the rate is automatically lowered on the insured loans and that would probably mean the lending institutions would stop lending their money on first mortgages and would put it into some other investment. Then, there would not be sufficient money available in Canada to build houses.

Mr. Castleden: In other words, we are doing more good to the investors in insured loans than we are to the potential home owners.

Some hon. Members: Nonsense.

Mr. Castleden: Supposing we take the example of a person who was fortunate enough to obtain a serviced lot and who paid his 10 per cent down, which would be $1,000 on a $10,000 house. If he amortized the balance over a 30-year period, what would be the total of all payments which he would have to make before he finally owned that house at the end of a 30-year period?

Mr. Marler: He owns it to start with.

Mr. Castleden: I suppose we can figure that out. The balance he would owe would be $9,000 and at the end of 30 years he would have paid $18,000.

An hon. Member: Part of it is rent.

Mr. Castleden: Yes, part of it is rent. The reason housing is not available to the people who need it is that they cannot afford to pay that amount. If the interest rate is 6 per cent and you amortize it over a 30-year period, a person has to pay double for the house. Part of this trouble goes back a long way. It goes back to the high cost of building, and some years ago we advocated that price controls be kept on. If that had been done a house costing $10,000 to construct today could be built for $6,000. Then, people could afford to build. You are saddling these people with a load of debt from which they will not free themselves within an ordinary earning lifetime.

Let us get these things down into the realm where they can be used, where greater consideration will be given for the safety of the people, the kind of houses in which they live and the social value of good houses instead of slum houses or in other words the safety value and the health value. You are denying to the people who need it most a commodity that is essential to good standards of Canadian living. I think that has been said before in other words by other hon. members of this house. The party will go ahead and put this bill through. We have pointed out to them that they will just continue to fail to provide what should be provided, namely housing for the vast number of Canadian people who need it, such as the fellow on the small salary, people living out in the smaller communities where it is absolutely impossible for them to come under the provisions of this bill and where perhaps if the burden of interest were not left loaded on top of them they could provide themselves with houses.

Mr. Green: The hon. member must not overlook the fact that a great deal of money is being lent out directly by Central Mortgage and Housing Corporation in the smaller communities, quite apart from the agency loans. I have here figures for the loans under section 40 which are in that category. They amount to $57,210,071 since the act of 1954 came into effect. These are additional loans which are made directly by the corporation and they have not entered into the discussions which have taken place earlier this evening.

Mr. Castleden: The rate of interest is the same, though?

Mr. Green: Yes. The rate of interest must be kept the same on all these loans. Otherwise you would have confusion.

Mr. Castleden: For that reason the amendment is not of any value to the people who need assistance.

Mr. Regier: May I ask the minister this question. Last night I referred to consideration of the value of our veterans housing legislation. The minister has informed us that some of his regulations are being changed. Has any consideration been given to amending the regulations in such a way that people would be able to build their own homes and take advantage of the provisions of the National Housing Act? I know that from a technical standpoint there is nothing in the way. However, I think the minister is well aware of the fact that most lending institutions, as soon as they find that the prospective home owner intends to build his own home, are no longer interested in accommodating him. The argument they use is that their experiences have not been good, that in so many cases it takes too long for the prospective home owner to complete the building, and they do not want to be bothered by that type of enterprise. Has the minister given any consideration to amending the regulations in respect thereto so that those wishing to build their own homes under the National Housing Act would be in as advantageous a position as are the veterans of today, many of whom are doing a remarkably excellent job and are obtaining a low cost home because much of the initial cost is their own labour.

Then I have another question to ask the minister. What is his estimate of the existing housing shortage at the present time? How many units does his department feel we are short? Also, what are the estimated needs for housing within the next ten year period, say, in Canada?

Mr. Green: Mr. Chairman, I do not pretend to be a prophet or the son of a prophet. I have no idea what the expectation is for the next ten years. In this house, as the hon. member knows, we live from day to day.

Mr. Marler: Truer words were never spoken.

Mr. Green: When the agency loan plan was adopted the officials of Central Mortgage and Housing Corporation believed that the demand for the more expensive homes had already been met. In some areas they were a drug on the market. It was estimated that the increased demand this year for the more modest homes, such as are made possible by the agency loan arrangement, would be about 15,000 homes. We have already had 15,456 units covered by loans actually completed and there is not any indication that the demand has been met. Hence apparently there is still an effective demand for these lower cost homes.

The hon. member asked me earlier whether a change could not be made in order to give more consideration to an applicant who was building his own home. That is one of the questions that is being looked into, but there is some provision for consideration of that type at the present time. The lending value established for residential property includes the value of the land and the value of the structure built on the land. If the applicant owns the land on which the house is to be built, the value of this land is considered to be part of the applicant's equity. If the applicant is able to contribute owner labour by virtue of his own skills, the value of that owner labour is discussed with him and is included as part of his equity. For the home owner applicant, the applicant's equity may include the value of the property which he owns, the value of his own labour and some cash, provided that the sum of these three equals the difference between the amount of the mortgage and the cost of the finished house.

Mr. Regier: I appreciate this reply. I am glad the minister said the matter is being looked into a little bit more. The minister will admit that if the lending institution is not interested in this type of applicant the regulation as to valuation means very little in effect. If the bank or the insurance company does not want to do business with an applicant who wants to do his own building there is not much use in saying you will assist his own efforts, if he is unable to obtain the mortgage.

Mr. Ellis: I note that the minister pointed out that some 15,456 starts were made under the agency loan plan in this third quarter. In answer to a question asked the other day he pointed out that the agency loan plan was the answer to the frequent complaints that the cost of the average home was going up and getting further and further out of reach of the ordinary citizen. Would the minister care to comment on this matter and to state whether or not the department feel that the agency loan plan is the only way in which we can be guaranteed houses of lower cost and that otherwise the insured loan plan will go on producing homes of the value which he pointed out the other day.

I hope the minister can understand the point I am trying to make, that if the government is going to have to depend on the agency loan plan in order to provide low cost homes, then I suggest the $150 million of additional money

passed over to Central Mortgage and Housing Corporation is not going to make very much impression on the housing needs of the low income groups.

Mr. Green: Well the agency loan plan was, of course, our main way of trying to meet the situation, but in addition to that we have been investigating every other possibility which would result in the building of cheaper homes and I think the success of the agency plan has convinced a great many builders and many of the lending institutions as well that this is a pretty good field into which they might enter. I am hoping the result will be that both the builders and the lending institutions will concentrate next year on these lower priced homes. There are indications that that is the trend at the present time.

Mr. Ellis: Mr. Chairman, the minister last evening at page 2499 of *Hansard* pointed out that the lending institutions were not in a position to impose the type of restriction necessary to bring about a greater increase in low-cost homes. Now my question to the minister is this: is it not possible for the government to amend the legislation in order to provide that necessary authority? In other words, in the minister's own words, the situation as it now stands is that lending institutions who are engaged in insured loans apparently are not able to touch these lower priced homes, and that the only way in which these homes can be obtained is through the agency loan plan of the government.

Mr. Green: We will make every endeavour to get the lending institutions and the builders to stay in this lower cost home field. There is this feature about it, if the more expensive homes cannot be sold and if they are going to lie empty as they have done in some of the Canadian cities, then the higher price field becomes unattractive to the lending institutions and they are just that much more likely to put their money into loans on smaller homes. This is a problem which we will have to face if it arises and I am hoping that it will not be a problem in 1958.

Mr. Ellis: One other matter. I know the minister said last evening that he had given instructions that his officials would look into the question of lending values particularly in some of the cities where—as he pointed out—loan prices had sky-rocketed. I wonder if the minister could inform us whether this investigation is going to take place immediately and whether some decision is going to be made in the very near future. If something is not done then it simply means that persons wishing to build homes in certain cities are going to be required to pay, not merely the 10 per cent of the first $12,000 an additional cost which will make the down payment in cash which they have to put forward completely out of line with the money they have available.

Mr. Green: Yes; the policy I announced last night is already being implemented.

Mr. Batten: I would like at this time to bring to the attention of the minister a case in my own riding which came about during the past year and to ask him if he will give to the people concerned such assistance as he is able to give. About a year or so ago a company by the name of the Clouston Development Company, which is a home construction company, came into my home city of Corner Brook in Newfoundland purporting to be operating under Central Mortgage and Housing Corporation and entered into a deal with about 40 people to build homes. These people were supposed to deposit with the company certain amounts of money ranging from $3,000 to $5,000. At the end of the year, when there was no evidence of any construction beginning, people began to make enquiries and they found that although they had deposited with the company a considerable sum of money, the company had gone bankrupt and the 40 prospective home owners had lost their money.

I do not want to belabour the minister with all the details but might I give him just two or three particulars. One young married man, living in a small home not sufficiently large to accommodate his family, decided to mortgage his small home in order to purchase a bigger one under this plan. Another young man sold his home in order to get the amount of money necessary for the deposit and then found, after the company had gone bankrupt that he had actually lost his original home. Another older man—now 65 years of age and who will retire within a month or two if he has not already done so—took all his life savings to put into a new home. He in turn lost all his money.

Now this development company was, as I say, purporting to be operating through Central Mortgage and Housing Corporation and it is for that reason that I would ask the minister to look into the details of this case and to see if he could give any assistance to those people who have been involved in this most unfortunate incident.

Mr. Green: Mr. Chairman, if I remember correctly Central Mortgage and Housing Corporation was not in any way involved with this bankrupt company. We very much regret what has happened although the corporation is not responsible for it. We are

trying to move in and give whatever help is possible to clean up this unfortunate situation.

Mr. Knowles (Winnipeg North Centre): I have one question I would like to ask the minister, but before I do so I would like to make a very brief comment on an argument he used just before six o'clock. He said that to reduce the interest rate now would be unfair to those who have taken out mortgages at the present interest rate. I am sure that is an argument which the minister would just as soon not have on the record because that argument against the lowering of the interest rate could be applied to the lowering of the down payment which is to be the effect of the clause we are now discussing.

I am sure he does not take the position that it is unfair to those who had to put up a higher down payment that we should now be proposing to lower the down payment, and I am sure he does not take the position that for all time the interest rate on housing mortgages must either stay where it is or go up.

Mr. Green: I did not say that.

Mr. Knowles (Winnipeg North Centre): I am glad to know that. In that connection may I ask the minister if there has been any change in the interest rate on long-term government bonds as defined in section 4, subsection 3 of the National Housing Act since the present rate of 6 per cent for loans under the act was established.

Mr. Green: Well as I understand it, the rate paid by Central Mortgage and Housing Corporation is set for six months. At the moment we are working under that rate of $4\frac{3}{8}$ per cent.

Mr. Knowles (Winnipeg North Centre): On what date was that set?

Mr. Green: I cannot tell the hon. member that at the moment. It is quite recent. May I point out that under the terms of the National Housing Act the maximum rate is set by the governor in council, so that 6 per cent is the maximum rate. The rate could be anything lower than that if a loan could be obtained at a lower rate.

Mr. Barnett: Mr. Chairman, I must confess that I still have not been able to get through my thick head just what the picture is on this matter of reimbursing the lending agencies. Yesterday, as recorded at page 2501 of *Hansard*, the minister quoted from paragraph 9 of the agency agreement for the administration of N.H.A. loans and he said paragraph 9 states:

[Mr. Green.]

> For the making and advancing of loans the corporation will pay to the approved lender a fee of
> (i) $100 for each loan made in respect of a house other than to a builder;

And corresponding amounts for certain other categories. I understood that was a flat figure for a loan paid to a lender acting as an agent of the corporation. Now the minister has been saying in reply to questions by the hon. member for Burnaby-Coquitlam that the lender acting as agent receives two-thirds of 1 per cent and one-half of 1 per cent by way of reimbursement. If I understood the minister correctly, one-half of 1 per cent refers to a recurring amount which the lender would get each year as a collection fee, but I am still at a loss to understand what the connection is between this $100 flat rate and the two-thirds of 1 per cent to which he referred.

Mr. Green: The two-thirds of 1 per cent is the converted charge, taking all the loans together, and it works out at that average of two-thirds of 1 per cent.

Mr. Barnett: And that is the same as the $100 to which the minister referred? The two-thirds of 1 per cent is the converted figure representing the amount paid to the agency in respect of this clause of the agreement. Is that correct?

Mr. Green: Yes.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rea): When shall the bill be read the third time. Now?

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Green moved the third reading of the bill.

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

UNEMPLOYMENT ASSISTANCE ACT

AMENDMENTS TO REMOVE THRESHOLD PROVISION FROM AGREEMENTS, ETC.

Hon. J. W. Monteith (Minister of National Health and Welfare) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend the Unemployment Assistance Act so as to remove the threshold provision from the agreements that have been concluded or that may be entered into hereafter; and to make certain changes for the better administration of the act through the deletion of a number of obsolete provisions.

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

Mr. Monteith: Mr. Chairman, the purpose of this resolution can be stated very simply. We seek authority to delete the so-called threshold from the Unemployment Assistance Act.

This threshold provision at present prevents the federal government from sharing in the cost of unemployment assistance until the number of needy persons receiving such assistance in any month rises above .45 per cent of the provincial population. The effect of abolishing this provision from the act and from the agreements with the provinces under the act will be to authorize federal assistance to the provinces and, indirectly to the municipalities, regardless of the numbers who may receive assistance in any given month.

Since the Unemployment Assistance Act has now been opened up for amendment along the lines I have mentioned it is also proposed at the same time to delete in part or entirely certain transitional provisions of the act which were necessary at the time it was passed but which are now obsolete. I refer to the reference in section 5 of the present act to the date of July 1, 1955, and also to section 8 of the present act.

Mr. Martin (Essex East): Mr. Chairman, I should like by leave of the committee to make a few comments on this resolution. The hon. minister has not at this stage given us a very detailed explanation, but when the bill is before the house he will undoubtedly say more about the government's policies in this particular regard.

Mr. Monteith: I will give a lot more detail.

Mr. Martin (Essex East): Yes, and as he says he will give a lot more detail. But at this stage I think it is desirable that some comment should be made on the measure which the hon. gentleman recommends to our consideration by way of amendment. I think at this stage it would be well to remember the situation which caused the previous administration to recommend to parliament that the present government should share in the maintenance of a group of individuals in our country who from time to time find themselves without work, often without the means to obtain work, and also the decision of the administration to assist those classes in the community who are regarded as unemployable.

The federal government in 1940 took a very important step when it asked the provinces to give the federal government the necessary power under the British North America Act to legislate for a system of unemployment insurance, and when the federal government took over the responsibility for unemployment insurance, taking over as well the administration of local employment offices. It made a very important contribution toward assuaging the problem of unemployment as it confronts this country from time to time, and no one will deny that the decision of the government at that time, taken at a very difficult period in our history, represented a very important step in providing a form of unemployment insurance which has meant a great deal to the working force of this country.

When the legislation was introduced in 1940 it did not represent the first attempt by an administration to provide unemployment insurance. It had been tried in the latter days of the government under the leadership of the late Lord Bennett. But, as was pointed out at that time, the unemployment insurance measure introduced by that administration was clearly contrary to the provisions of the British North America Act. It was urged by opposition members of that day that the measure would not stand testing by the courts and this indeed proved to be true when the Supreme Court of Canada and the judicial committee of the privy council declared it ultra vires of the parliament of Canada.

But, notwithstanding the passage of unemployment insurance and the undoubted benefits which have flowed therefrom, many of the working force of our country, and those who are now unemployable, found themselves at the mercy of municipalities and of provinces for assistance. It is a fact that during the period from the time the Unemployment Insurance Act was passed up until recent days many municipalities did not regard it as their normal function to provide assistance for individuals out of work, certainly, for individuals who could qualify at one time or another for unemployment insurance. Even with regard to those who did not and could not qualify for unemployment insurance, a number of municipalities in a number of our provinces did not provide assistance for the unemployable group. Therefore, from year to year we were confronted in this country with the spectacle of individuals either denied assistance by the municipality or, if given assistance, in many instances given inadequate assistance.

Certain provinces refused to share in this assistance with the municipalities and, as hon. members know, that was particularly true in Ontario where, for some reason or another, there was a reluctance on the part of the provincial administration to share in the cost of assisting individuals whose unemployment insurance and seasonal benefits had run out. The argument they advanced was that this was a responsibility that did not rest with particular provincial administrations. Municipal representatives went to

provincial governments and asked for moneys to assist them in bolstering up their funds to provide for these two classes of out-of-work people. The provincial governments would say: This is not our responsibility; this is a matter that rests with the federal authority and you must look to them for assistance. This throwing of the responsibility back and forth undoubtedly caused much confusion and a great deal of understandable criticism on the part of municipal officers and citizens in given communities. It was because of this kind of situation that the previous government decided that it should embark upon a program of public assistance so that finally we might be able to eradicate entirely from the Canadian scene this shifting of responsibility from one government to another in respect of individuals out of work with no opportunity of receiving assistance at the hands of any of the three levels of government of this country.

When the measure was announced it was widely acclaimed. It was first of all discussed with the provinces and at the conference which I had the privilege of attending there was a unanimous expression of opinion from the provinces that this was a step in the right direction. There were some difficulties in the proposal put forward by the government of the day. For instance, there was the difficulty in the case of Nova Scotia, but generally speaking the principle of the measure was one which all of the provinces agreed was a very important and constructive step to take in the field of social welfare.

When the proposal was put forward the government, of course, indicated that the only way in which it could be implemented was by agreements entered into between the federal government on the one hand and the 10 provincial governments on the other. It is regrettable that agreements were not consummated between the governments of the two larger provinces and the federal government. Six agreements were concluded and, as a result, in these six provinces the federal government shares with the provincial governments on a fifty-fifty basis the cost of a measure of public assistance that undoubtedly has produced very satisfactory results and gives very important assistance to these two groups of individuals.

The cost of the scheme at the present time —the minister will correct me if I am wrong— perhaps in so far as the federal government is concerned is somewhere in the neighbourhood of $5 million. I have made an estimate of the proposal the minister now makes, assuming the participation of the two larger and the two smaller provinces that have not come into the scheme, and it will represent possibly an additional $8 million or $9 million; but these are figures which I have just estimated. Undoubtedly the minister, with more accurate information at his disposal, will be able to comment on it later on.

I would remind the Minister of National Health and Welfare that it is our duty at this time to point out the significance of the step that is now being taken in the light of the problem that now confronts us in Canada, a problem that we were reminded of when this measure was introduced and when I proposed this public assistance measure. We were told that what the government should be doing was to put forward schemes that would not provide assistance to men and women but schemes that would keep men and women at work. Those were observations made by the present Prime Minister when he discussed unemployment and this particular measure. Those were observations made by the former leader of the opposition, not with regard to the particular proposal for public assistance, but when he discussed unemployment from time to time.

All of us in this house recognize the difficulties that confront any government in the matter of unemployment; but that does not free any of us from the obligation of looking at this problem squarely in the light of the facts that confront us at a given moment. The fact is that since the end of the war we have had in this country a level of employment never exceeded before. We have never had as high a working force and our working force has never been as continuously employed as during the past decade. But we must recognize that the situation today is somewhat alarming because of the volume of unemployment that is to be found throughout the nation. We were told yesterday that some 82,000 individuals are now out of work who were not out of work a month ago. I think that is the correct figure.

Mr. Starr: Eighty-four thousand.

Mr. Martin (Essex East): I thank the Minister of Labour. I know that the Minister of Labour is concerned about this problem as indeed we all are. There will be differences as to the number of men actually out of work. The differences between the figures supplied by two departments of government indicate that it is not easy to determine the exact number of individuals out of work. But the fact is that there are certainly double the number out of work today as were out of work at this time a year ago and the indications from government statisticians are that the increase is likely to continue for some time to come.

We will all hope that unemployment will be corrected, that more and more individuals

will be able to find work, will be able to go off the unemployment insurance rolls and will not require the necessity of seasonal benefits and the advantages of public assistance. But we have to face the fact that in the present period and for some months to come at any rate we are likely to be confronted with a serious unemployment problem. None of us can shirk our responsibility no matter what our position in the house may be, no matter where we may sit, and it will not be valid to suggest that for any hon. member to emphasize the problem is to create a lack of confidence in Canada or in the Canadian economy. When this question was raised on another occasion the then leader of the opposition, Mr. George Drew, dealt with this aspect of the problem. As found at page 2498 of *Hansard* for March 29, 1955, he said:

> I regret that anyone would suggest that a discussion on unemployment is an attempt to undermine confidence. If there is any attempt to undermine confidence on that basis, then of course it must come from the agency of the government which gives the figures.

These agencies, of course, are the Department of Labour and the dominion bureau of statistics.

> The figures that have been used are given by the dominion bureau of statistics. Surely there is no suggestion that the dominion bureau of statistics is deliberately seeking to undermine public confidence. After all, it is a statistical agency which we believe has been giving us reliable information within the pattern it has established with regard to these and other matters. The interpretation to be placed upon those figures is for the members of this house and the public of Canada.

I think that statement, admittedly made in another context, is a justification for our raising this question when the opportunity is presented as I am seeking to do tonight. It would be unfair, I believe, to charge the present administration with full responsibility for the situation and I am not doing that. But I would remind hon. members opposite that when much less unemployment existed in this country some hon. members sitting on the treasury benches, in spite of the high level of economic prosperity that Canada enjoyed, did charge the government, not with the responsibility of providing public assistance or unemployment insurance but with the obligation to provide work for people out of work. It is open to us in the light of these criticisms, all of which are recorded in *Hansard,* to remind hon. gentlemen opposite of what they said on these occasions and to remind them that they have a responsibility with regard to this problem in the light of the arguments they made throughout the years with respect to this particular matter.

We never took the position that it was possible for us to correct the situation fully, but the argumentation made by some hon. members opposite when they were sitting in our places clearly implied, give us the opportunity and these unfortunate situations will not arise. But they have arisen. They are now here and all over the country many thousands of men and women are out of work in every one of our cities. The Minister of Labour may say that in his city unemployment possibly is not as great as it is in my community. He is indeed very fortunate that that is the situation and I recognize that it is the case. But I am sure the Minister of Labour will be the first to agree that the city of Oshawa is perhaps the only city in Canada where there is not a very serious unemployment situation.

The daily bulletin issued by the dominion bureau of statistics for Monday, December 16, gives an indication not of the latest figures but of the situation existing in the country. It points out that the number of initial and renewal claims received at local offices of the unemployment insurance commission rose 34 per cent in October to 167,363 from the September total of 124,949, and it was 90 per cent in excess of last year's October figure of 87,929. The same daily bulletin reminds us that a total of 268,005 claimants, comprising 198,000 males and 69,951 females, had their unemployment registered in the live files on October 31, an increase of 41,475 or 18 per cent over the September 30 count of 226,530. On October 31 last year the total was 139,377 and claimants as at October 31 this year accounted for 6.8 per cent of the estimated insured population on October 1 versus 3.7 per cent a year earlier.

So one can refer to the latest bulletin and to bulletins issued subsequent to October 14 and find there a steady increase in the number of applicants for unemployment insurance reflecting, of course, the growth in unemployment itself. I am sure the minister has more recent figures available than we have at this moment. I remember that about the middle of November he gave us some figures for October and the next day, at the suggestion of the hon. member for Winnipeg North Centre, he gave figures for November 7 of this year. They reflected, of course, what I have said has been a gradual increase of unemployment during last autumn.

What the final figure today is I do not know except that we do know from what the Minister of Labour has just said that there were 84,000 more men and women out of work last month than there were in the preceding month. The minister nods his head. That represents a very significant increase, 84,000 more in November than in October. What it will be in December, what it will be in January, February, March and April, I do not know. There are indications, and my

authority for saying this is the statements made by government officers themselves, that we will find the figures will be considerably higher than what they are now.

If the figure reaches the suggested 700,000, and I have seen even 800,000 mentioned, undoubtedly that will represent a very dangerous point. It will represent the highest point reached at any time since 1934. As a matter of fact, this figure, for this time of year, is greater than in any other year before since 1933. I believe these facts speak for themselves. If the former administration had a responsibility in connection with the matter, so has the present administration. We have a right to ask what steps are going to be taken by the government to correct this situation.

I must, in fairness to the Minister of Labour note that at least on two occasions he has indicated to the house the steps which his department is taking to try to improve this picture. He has told us of the steps he is taking with industry and in government departments, with regard to public organizations and the like, to try to mitigate this problem somewhat. But I think we must ask him, are these steps going to correct this situation? Can the government take any steps that will correct this situation? What is the government's view with regard to that particular question on which they had strong views when in opposition? We were told unemployment insurance, seasonal benefits and public assistance was no substitute for the provision of work for men and women; that was the position taken by hon. gentlemen opposite on other occasions. Is that still their position? Is it still their position that these various social measures which I have enumerated are not enough and that what is wanted are policies that will lead to providing work for Canada's working force?

I think the position is clear. The government has the responsibility to be consistent with the criticism that it levelled at the previous administration, an administration that at no time ever took the position that unemployment insurance, seasonal benefits or public assistance were, of themselves, a substitute for work. At no time did we indicate that we were embarking on policies that would correct this situation, if and when it arose, and particularly during this difficult season period. The government has, in its departmental files I am sure, many projects which if implemented now would, in many cases, provide work for individuals.

The other day I referred in this house to the tax policy of the government with regard to the automobile industry. I am sure that the policy pursued by the Minister of Finance in that case was not calculated to relieve the unemployment problem that exists in the automobile and related industries. Did the government consider, when it decided on that particular course, that that was the way to provide a corrective measure for a very important segment in the unemployment picture in Canada? Did the government believe that a reduction of 2½ per cent was calculated to stimulate sales?

Mr. Browne (St. John's West): Are we going to discuss that again? I suggest that the speaker is out of order, Mr. Chairman.

The Acting Chairman (Mr. Rea): I think the hon. member for Essex East knows we have already passed that legislation concerning excise tax. I do not believe that should be discussed again.

Mr. Martin (Essex East): With great respect to you, Mr. Chairman, what I have indicated tonight is that we have this unemployment problem. I am indicating too that the administration of the day, when sitting in opposition, argued that the government should take stronger steps than the mere provision of social measures in order to find some way of providing employment for the unemployed population of our country. I am examining now the steps the government has taken in attempting to reach its objective of providing employment. What I am arguing is that these policies of this government are not following along lines which were clearly implied in the positions they took about the provision of employment when they were in opposition.

What national development schemes has the government in mind for relieving this problem? We were told by the present Prime Minister, at least on two occasions and on one occasion I recall by the former leader of the opposition speaking for those of the treasury bench party when they were on this side, about schemes which if pursued by this government could provide employment for many thousands of our workmen. We were told about a special highway scheme in addition to the national scheme that was envisaged by the previous administration. In other words, the positions taken by hon. gentlemen opposite on former occasions, and the suggestions made by them for the relief of unemployment are now applicable and open to them for adoption and certainly for consideration as as to whether or not those are the methods which if adopted, might somewhat mitigate this problem of unemployment.

There were proposals made by the hon. member for Vancouver-Burrard. We were reminded of them today. He wrote to the prime minister pointing out that in the city of Vancouver there was much unemployment.

He had gone out to see that situation himself, and as a result of his investigations he put forward a program of development. It was embodied in the letter which he addressed to the prime minister. We have a right to know, in discussing unemployment, what the government's attitude is with regard to that particular proposal. Does the government regard it as a means by which unemployment in that particular section of the country could be reduced? It will not be enough for this administration to say tonight that they are taking another step in improving legislation brought down by the previous government because that legislation, as we were reminded then, is not a means by which men and women out of work can be provided with gainful employment.

I suggest to the Minister of National Health and Welfare, who is charged with the responsibility of this particular relief or social measure, that the government as a whole is responsible for providing, in accordance with the stand it has taken on previous occasions, measures by which unemployment can be reduced in this country. It will not be open to suggestion that this is a difficult problem. We all recognize it is a difficult problem. It will not be open to them to say they are pursuing the same kind of course which the previous administration pursued. The fact is that they took a position when in opposition; and if those positions were sincere then, we have every right to ask them to implement those suggestions or now to admit that criticisms which they made on those occasions did not have the validity which they argued at that time and that these various proposals put forward by them did possess the merit they were said to possess. Have we the assurance of the Minister of National Health and Welfare that there will be agreement now by all of the provinces with regard to the measure that he is now suggesting for amendment?

The Acting Chairman (Mr. Rea): Order. I must advise the hon. member for Essex East that his time has expired.

Mr. Cameron: This resolution takes me back a great many years—20 years to be precise—when I was sitting, as it were, at the other end of the country as a member of the legislature of British Columbia. It takes me back 20 years because that was the date upon which the federal government of the day decided to appoint a royal commission to examine dominion-provincial relations; and included in their terms of reference was an examination of the respective responsibilities for the relief of unemployment.

I recall very clearly, Mr. Chairman, those rather grim years when those of us who sat in the legislature of British Columbia used to watch the flood of misery that poured into our province from the whole of Canada because the unfortunate people who came there came on the very understandable thesis that it was more comfortable to starve in a mild climate than in subzero temperatures. That flood, added to our sea of misery, presented an almost impossible burden to the legislature and the government of British Columbia. If my memory serves me rightly, the total cost to the taxpayers of British Columbia during those tragic years was in the neighbourhood of $96 million, a staggering sum for a population which at that time was very little in excess of half a million and whose provincial revenues were in the neighbourhood of $18 or $19 million a year. That was a very different proposition from the present British Columbia with a population of, I believe, 1¾ million and provincial revenues running into the neighbourhood of, I believe, $300 million.

The lapse of time since then has wiped out from my memory the strict chronology of all the various shifts and turns that were taken in the policies between the provincial government and the federal government, the various schemes that were promoted for grants in aid, for loans from the federal authorities and so on. Finally, of course, in 1937 there was the establishment of the Rowell-Sirois commission. It will be readily understandable that those of us who were dealing with those frightful problems on the coast at that time should have been keenly interested in the establishment of that royal commission and keenly interested in what would be their findings with regard to what was then the major problem of public administration in Canada.

I think it might be of interest, Mr. Chairman, if we were to recall just what were the recommendations of that commission with regard to the responsibility it suggested should be assumed by the federal government. On page 25 of the second volume of the Rowell-Sirois report we find this in their recommendations under the heading "Prevention and Relief of Unemployment". I am rather interested to find now—I had forgotten it—the use of the word "prevention" there as well. The commission says:

> The assumption of responsibility by the dominion for relief or aid of unemployed employables would entail (1) complete financial responsibility; (2) full control of administration.

Then it goes on to outline the various things it considered would be necessary for efficient administration. The point I want to emphasize is that at that time the Rowell-Sirois commission recommended that the federal government should assume 100 per

cent responsibility for aid to the employable unemployed. At that time, the time of the establishment of the Rowell-Sirois commission, the unemployment figure stood at 411,000 or 9.08 per cent of the labour force of that date. I believe it is useful for us to consider those figures.

Mr. Pickersgill: What was the date?

Mr. Cameron: The year 1937 was the year in which the commission was established. I believe it is useful for us to consider that point now, namely that that was the unemployment situation at that time when, in the opinion of this royal commission, it was no longer possible for the provinces to assume even part of the financial responsibility for the care of the employable unemployed.

Mr. Pickersgill: Would the hon. gentleman permit a purely factual question?

Mr. Cameron: Yes.

Mr. Pickersgill: Is it not true that the report was made in 1941, not in 1937?

Mr. Cameron: Yes; it was made in 1940, as a matter of fact.

Mr. Pickersgill: I should say 1940.

Mr. Cameron: Yes. I am not pretending that it was not made in 1940. The report was made in 1940. I merely wanted to emphasize the conditions that obtained when the commission first began its hearing. In fact, I think one might say that by the time the report was made the findings with regard to unemployment assistance were largely academic because we had moved out of that situation; and it is not until the last 18 months that we have gone back to something approximating those conditions. I think that is the point which we should consider now, namely that if at that time it was considered that unemployment of 9.08 per cent of our labour force warranted a recommendation that the federal government should assume 100 per cent responsibility, we should examine our present situation to discover just what level of unemployment would have to be reached today to approximate those conditions of 1937, with this additional point, that the Rowell-Sirois commission came to the conclusion that the province was unable to assume that responsibility at that time. It is fair to admit, of course, that they were recommending changes in the distribution of tax fields but at that time the income tax and the corporation tax were still in the hands of the provincial authorities.

To reproduce the unemployment situation of 1937 today would require unemployment figures to rise to some 578,000 in order to be 9.08 per cent of the present labour force of some 5,900,000; that is the figure if my arithmetic is correct. I note that the hon. member for Bonavista-Twillingate is doing some figuring. If I have done the calculation wrongly, I hope he will tell me. However, that is what I figure it to be, that about 578,000 will reproduce those conditions that obtained in 1937 when it was considered impossible for the provinces to bear any of the load of unemployment assistance for the employable unemployed.

What are the figures today? The latest figures I have seen are these. I agree with the hon. member for Essex East that it is extremely difficult to know what figures one accepts as there are conflicting figures produced on different bases by different government agencies. But one figure I have seen for November 15, a month ago, was 352,000 out of work. Like the hon. member for Essex East, I have seen estimates from responsible trade union officials—research men—that the figure may very well reach 800,000 before this winter is out. However, even if we discount that estimate to a great extent and even if we suggest that the figure of 800,000 is an exaggeration, I think we can hardly avoid the conclusion that a figure approximating 600,000 is certainly within the realm of possibility for the future months. That would bring the situation in 1957 not really on a level with that in 1937, it would even be slightly worse than the situation was then. This bill to amend the Unemployed Assistance Act is proposing in 1957, 20 years after the Rowell-Sirois commission was set up, to go just 50 per cent of the way along the road recommended by that commission.

I would suggest, Mr. Chairman, that the government should seriously consider what the situation may be a few months' time. I am in receipt almost every day of letters from my own and neighbouring constituencies pointing out to me the very serious and increasingly bad unemployment situation in British Columbia. I am not in a position to know whether it is worse there than it is in other parts of the country, but I do know it is extremely bad and I can very well foresee that if we do reach unemployment figures such as have been suggested by research officials of various bodies in the country, the province of British Columbia is going to find it as impossible to carry this load as was formerly the case 20 years ago, namely in 1937.

If on the other hand unemployment figures show no rise and begin to decline and they remain within manageable proportions, then I would suggest to the government that the

payment of 100 per cent as proposed by the Rowell-Sirois commission would not be a crushing burden on the federal government. If, however, they do rise to that figure then this government is going to have to do it and they are going to have to completely re-cast their whole fiscal policy in order to be able to do it.

Of even more importance is the fact that if they are going to have to do the sort of thing the hon. member for Essex East was challenging them to do just now, that is to put into practical effect the rather ambiguous suggestions made when they were in opposition, then there will be even more necessity for a complete re-casting of the fiscal policy of the federal government. I say this because, as was said earlier today, we are facing a very difficult financial problem with regard to another social need and it is perfectly obvious that if that social need is to be looked after the fiscal policies of this government are going to have to be changed.

I therefore suggest to the government that it should take the bull by the horns now and go on the assumption that before very many months are out it is going to have to assume 100 per cent of the cost of assistance to employable unemployed, and I urge it to make the necessary arrangements now and make the necessary plans for fulfilling that task which is going to be laid on their shoulders, I think, within the next six months. I can think of no better authority for making that suggestion than the highly responsible commission of 20 years ago which, in circumstances not very different from those which lie before us today, made that as their first recommendation with regard to social services and the division of the cost of such social services between the two levels of government. I would hope that the government would not rest content merely with this rather pointless and not very effective amendment to an existing and inadequate piece of legislation brought in by my friends of the Liberal administration which preceded the present Conservative government.

Mr. McLeod: I would like to get in a few words in order to state our policies and our views with respect to this resolution. So far as we are concerned, we understand that in this resolution of a very few and concise words we are asked to consider an important matter and I can quite well appreciate the fact that there is room to open up the whole unemployment problem. I do not think, however, that this is the time or the place for such a debate.

It seems to me from the two speakers we have just heard that there has been no commitment as to whether or not they are in favour of this legislation. We know, just as well as they do, that it is not a cure-all for the serious problems facing this government but we do believe it is legislation which is necessary and, in accord with our policy ever since this session opened, we assess each resolution or each piece of legislation which is presented to us on its merits. We then plan our action accordingly and it is therefore our position in respect to this legislation that it is timely and it should be welcomed by this house.

Now having said that, of course, I am not admitting that we have no serious unemployment problem but, in face of the rising numbers of unemployment and in face of the financial problems and burdens which this is placing on the various provinces, I do believe it is necessary that we should take very prompt action to rid the provinces of all that portion of the burden which can possibly be taken off their shoulders at this time.

We are well aware that unemployment should be strictly a federal problem, because unemployment in large measure—especially at the present time—is due to the financial policies not only of this government but of the past government. We are therefore fully conscious that this legislation is not perfect; it is not placing the full responsibility where it should be placed, but even on the understanding that it is a step in the right direction and that it is going to take some of the burden off the provinces, where it should not at any time be placed, I say we welcome it and we are going to support it. We will do our best to speed it through the house and will do nothing to delay its passing.

Mr. Chevrier: Mr. Chairman, I would like to approach this resolution from a somewhat different angle than that discussed by the three hon. members who have preceded me. If I rise at this time to take part in the discussion it is not so much to deal with the unemployment situation, as has been dealt with so ably by my colleague the hon. member for Essex East, as to deal with another aspect of the subject.

It seems to me that while on the face of it the resolution seems innocent enough, nonetheless it is subject to interpretation which in my opinion makes it perhaps complex and confusing. I thought the Prime Minister stated in his letter of October 31 when he invited the provincial premiers to the dominion-provincial conference in Ottawa that at that time there would be taken up the question of financial arrangements and fiscal accords with the provinces; such was not the case.

In his speech at the conference the Prime Minister devoted but one paragraph—and that paragraph was vague enough—to the subject of fiscal arrangements. In his letter he had suggested that other aspects of the dominion-provincial relations could be considered, but only incidentally. In his speech it was these special subjects which were brought to the attention of the premiers, notably the hospitalization plan, the unemployment assistance which is now before the house by way of resolution, and assistance to the Atlantic provinces.

It seems to me that the resolution which we have before us must be considered in its historical aspect, its historical perspective, to understand its nature and its implications.

It seems necessary to me, Mr. Chairman, to view this measure in its historical perspective in order to understand its nature and implications.

Traditionally, the whole field of assistance to the unemployed was considered to be a provincial responsibility. In 1941, when it was felt that a national unemployment insurance scheme, to be financed mainly through direct taxes, had become necessary in Canada the constitution was amended so as to give to the federal government complete authority in this matter. The amendment, however, applied only to the restricted sector of unemployment insurance and did not affect the constitutional responsibilities of the provinces with respect to assistance to the unemployed.

Up until recently, those responsibilities were left largely to the municipalities, which did their best, within their own limited financial ability, to meet the most evident cases of hardship and indigence through various schemes of public assistance.

Since the federal-provincial conferences of 1945 and 1946 it has become customary to make a distinction between employable and unemployable unemployed, and in recent years the federal government has offered to participate with the provinces in the cost of assistance to employable unemployed not receiving unemployment insurance benefits.

However, the previous federal government was of the view that assistance to unemployable unemployed was, and should remain, a responsibility of the provinces and the municipalities, because the nature and the forms of such assistance depended very largely on local conditions and customs.

While it was relatively easy to make a distinction in principle between employable and unemployable unemployed, it was found that it was quite impossible to apply this distinction in practice and to define clearly these two categories in legislative terms. That is why in the present legislation a statistical device was used to maintain that distinction and to assert provincial responsibility in the field of public assistance to needy people not really belonging to the labour market.

The provincial statistics of public assistance cases showed that even during recent periods of intense prosperity and acute labour shortages, there was always a certain small proportion of the Canadian population which was unemployed, although of working age, so that it could safely be assumed that these unemployed people were, in fact, unemployable.

In discussions with provincial governments it was found that Ontario had the lowest proportion of such people and it was decided to accept its figures as a national basis to define the category of unemployable unemployed. This explains why the present legislation does not provide for federal participation in the assistance of unemployed people if the number of such people not receiving unemployment insurance benefits or mothers' allowances exceeds 0.45 per cent of the Canadian population.

In proposing to drop this threshold the present federal government is, therefore, asserting that it has a responsibility equal to that of the provinces in the field of assistance to unemployable unemployed or, more precisely, in the field of general public assistance which up to now had been considered, for good and sound reasons, as belonging exclusively to the provinces and the municipalities.

With the measure now before the committee, Mr. Chairman, the present government is thus invading one of the last sectors of social assistance which had been left, mainly, in certain provinces, to private charitable organizations and which is determined so largely by local conditions and customs. I merely want to point out, at this stage, that such a measure is quite inconsistent with the definite undertaking made by the Conservative party during the last electoral campaign to decentralize government responsibilities in our country. The provision embodied in the present resolution is a definite and important step in the direction of centralization, since the federal government assumes a new financial responsibility clearly belonging to the provinces, in the field of public assistance.

I should like also to recall briefly the amazing position taken by the Quebec government in this respect. It is reported—and I am sure that the minister will be able to confirm these reports—that when the federal government made the proposal included in this

resolution at the last federal-provincial conference this modification of the federal legislation did not appear to the Quebec premier to go far enough. In fact, the attitude taken by Mr. Duplessis was that the whole field of unemployment assistance as defined in the legislation belonged exclusively to the federal government, which should assume complete financial responsibility and, therefore, also administrative responsibility. I must confess that I am really surprised to see the Quebec government taking such an attitude, because it is evident that unemployment assistance, as defined in the federal legislation, covers the whole field of public assistance, with the exception of mothers' allowances.

It is the first time, to my knowledge that the Quebec premier criticized a measure favouring centralization by saying that it does not go far enough in that direction. Moreover, I am sure that most members in this house would be strongly opposed to the federal government taking over complete financial and administrative responsibility for unemployment assistance, as the scope of such assistance is usually defined. It would be most inappropriate and undesirable for the federal government to assume such responsibility.

There must be some confusion and misunderstanding somewhere. This is, Mr. Chairman, a very important matter, indeed, and we on this side of the house need some clarification on this issue. We want to know what is the position of the federal government in this respect. More precisely, we want to know from the minister what is his reaction to the contention of the premier of Quebec that the field of unemployment assistance, as presently defined, is an exclusive federal responsibility.

I see, Mr. Chairman, that it is ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the leader of the house if he will tell us the business for tomorrow?

Mr. Green: Tomorrow, we will begin with item No. 1 on the day's order paper, house in committee on a bill dealing with branch lines of the Canadian National Railways; then item No. 2, an act respecting the Hamilton harbour commissioners; item No. 3, an act to amend the Canadian Vessel Construction Assistance Act; afterwards we will take item No. 17 which has just been under discussion, the resolution preceding an amendment to the Unemployment Assistance Act; item No. 7, second reading of an act to amend the Pension Act; followed by item No. 5, second reading of an act to provide for annual vacations with pay. The house would then consider the estimates of the Department of Justice.

Mr. Chevrier: Mr. Speaker, may I ask the leader of the house if he is able to indicate at this time—it is now Wednesday, and there are three days left—what the business is likely to be for the remaining days of the session.

Mr. Green: I think that on Friday we will be taking item No. 9, second reading of an act to provide for the stabilization of the prices of agricultural commodities. I am not yet able to say what the business will be on Saturday.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

FRENCH T.V. STATION, MONCTON, N.B.

Question No. 200—**Mr. Michaud:**

Is the government giving active consideration to the recommendation of the Fowler commission respecting the establishment of a French language television station at Moncton, New Brunswick?

Answer by: **Hon. G. C. Nowlan (Minister of National Revenue):**

Regarding the possible establishment of a French language television station at Moncton the commission said only that "a study of the matter should be made at an early date". Under existing licensing policies an application could be made for a privately owned French language television station at Moncton to which the C.B.C. would supply national program service in French. The possibility of a C.B.C. owned station could be studied after consideration by parliament on matters of the financing and structure of the broadcasting system arising from the report of the Fowler commission.

INTERNATIONAL SERVICE, C.B.C.—PROGRAM SCHEDULES

Question No. 271—**Mr. Barbes:**

1. Did the international service of the Canadian Broadcasting Corporation publish a program schedule for December, 1957, January, 1958?
2. If so, how many copies were distributed in Canada?
3. What was the full cost of this program schedule?

Answer by: **Hon. G. C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises:

1. Yes.
2. 1,481 in Canada; 186,500 to listeners outside Canada.
3. $3,792.73.

HOUSE OF COMMONS

Thursday, December 19, 1957

The house met at eleven o'clock.

EXTERNAL AFFAIRS

COLOMBO PLAN—STATEMENT ON ALLOCATION OF CANADIAN FUNDS

Hon. E. D. Fulton (Acting Secretary of State for External Affairs): Mr. Speaker, with your permission and the permission of the house I should like, as Acting Secretary of State for External Affairs, to make a short report to the house regarding some recent decisions under our Canadian Colombo plan program in India, Pakistan and Ceylon, and to table a more detailed statement on these matters.

When the Secretary of State for External Affairs spoke in the recent external affairs debate he undertook to provide the house with a report on the allocation of Canadian funds to particular projects in the countries to which we are giving assistance as decisions are made on these matters. Since he did not have time before his departure for the NATO conference in Paris to inform the house that approval had been given for Canadian aid to a number of projects in the Colombo plan area and for aid in a variety of forms, and since he will not return in time to do so before the Christmas adjournment, I wish to take this opportunity to do so on his behalf.

The document to be tabled gives in adequate detail a description of all these projects and I propose to do little more orally than to list them. However, I should emphasize that these programs will be financed by funds already voted by parliament or provided for in the main estimates of the Department of External Affairs for the current year, with the one exception of the Indian program. For India these projects, together with the shipment of $7 million worth of wheat, will take up not only the funds now available, but in addition $5 million of the sums which parliament will be asked to vote for the Colombo plan next year. The authority which has now been given for a number of projects and forms of aid will enable purchasing to go forward over the next six to eight months. By making these decisions now subject of course to parliament voting the necessary funds, we are ensuring that Canadian aid will flow as quickly as possible during the next half year. In this fashion we are endeavouring to speed up the flow of available aid to India.

I should also mention, before listing the projects, that the great bulk of these goods and materials and the engineering services associated with them will be provided from Canadian sources.

With regard to the program in India, Canada proposes to make available a further $2 million to continue work on the Canada-India reactor; $5 million for the erection of transmission lines as part of the Kundah hydroelectric development near Madras; $3 million for treated wooden railway ties; $120,000 for three cobalt beam cancer therapy units; $65,000 for audio-visual equipment and educational material, and $10.8 million for the supply of industrial metals urgently required by India's metal working industry.

With regard to the program in Pakistan, Canada will provide $1 million for the construction of a transmission line for the Ganges-Kobadak project and $1.6 million for the doubling of the circuit on the Dacca-Chittagong electric transmission line.

With regard to our Colombo plan program in Ceylon, hon. members will recall that of the $2 million available for Ceylon $1 million is being supplied in the form of flour which, when sold, will create counterpart funds for use on a number of projects which will be reported to the house in due course. As far as the other $1 million is concerned, Canada will make available a further $200,000 for the construction of additional transmission lines for the river valley development scheme in eastern Ceylon; $12,500 for remedial equipment for the rehabilitation centre at the University of Ceylon; $640,000 for the continuation of the aerial survey; $14,000 for additional agricultural pest control units; $17,500 for a stand-by radio unit for Colombo airport; $3,000 for X-ray maintenance equipment; $100,000 for further equipment for a technical institute, and $13,000 for a crane for Colombo harbour.

With the permission of the house, Mr. Speaker, I should like at this time to table the detailed statement with regard to these individual projects.

Mr. Speaker: Is it the minister's suggestion that these be printed in *Hansard*?

Mr. Fulton: If hon. members wish, yes.

Inquiries of the Ministry

Mr. Speaker: Is the house unanimously agreed to have this statement which has been tabled printed in *Hansard?*

Some hon. Members: Agreed.

[*For text of statement referred to above, see appendix, pages 2642-44.*]

CRIMINAL CODE

AMENDMENT RESTRICTING CAPITAL PUNISHMENT TO CERTAIN OFFENCES

Mr. Harold E. Winch (Vancouver East) moved for leave to introduce Bill No. 239, to amend the Criminal Code (capital punishment).

Some hon. Members: Explain.

Mr. Winch: Mr. Speaker, the purpose of this bill is to provide that no person shall, except where the offence is treason, levying of war or piracy with violence, be sentenced in Canada to suffer death, but shall suffer life imprisonment. I shall be happy on second reading to give the facts and the reasoning in support of this bill.

Motion agreed to and bill read the first time.

AGRICULTURE

PRICE STABILIZATION LEGISLATION—REPORTED CHANGE IN BILL

On the orders of the day:

Right Hon. J. G. Gardiner (Melville): I should like to ask the Minister of Agriculture if the statement is correct which appears in the press this morning, to the effect that the bill having to do with support prices is to be materially changed before second reading. If that is the case, will the bill be distributed in the new form as soon as possible? If it is to be carried over, as the article suggests, until after the Christmas vacation, will it be possible to have distribution of the bill, if it is to be changed, before we leave for the vacation?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I think the right hon. gentleman knows that any announcements with regard to government decisions or policies will be made in the house in due course, and not as a consequence of either confirming or denying speculative reports in newspapers.

Mr. Marler: That has not been our experience.

An hon. Member: What about television?

Mr. Speaker: The question is rather like questions which were asked yesterday and which I have been disallowing. However, the right hon. gentleman asked for information about the time the matter might be brought forward, and I thought perhaps the house leader might have something to say on that matter. If there is no change, I think to be consistent that questions with respect to this bill ought to be reserved until the matter comes before the house, in accordance with the previous ruling.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question of the house leader. Last night he indicated that the bill might come before the house tomorrow. Is it the intention of the government to bring the bill before the house tomorrow?

Hon. Howard C. Green (Acting Prime Minister): Yes, Mr. Speaker.

Mr. E. G. McCullough (Moose Mountain): I should like to direct to the Minister of Agriculture a question arising out of a press report in this morning's *Gazette* under the heading "P.C.'s Set Revision for Bill". My question to the minister is this. In view of the fact that the only suggested change in this press report is the silly idea that the moving average would be changed to a 10-year period, can the minister inform the house whether the government continues to disregard the principle of parity prices in this legislation?

Some hon. Members: Oh, oh.

Mr. Speaker: I think this question is of the same order as the others. It relates to this particular bill, and I must rule it out of order.

Mr. Gardiner: May I ask a supplementary question before you leave this matter, Mr. Speaker. Will it be possible to distribute the bill in its final form as far as the government is concerned before it is brought up for second reading?

Mr. Harkness: The bill has been distributed, Mr. Speaker.

[*Later:*]

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the minister notified any of the major farm organizations of his intention to change the base for price supports under Bill No. 237?

Some hon. Members: Order.

Mr. Zaplitny: If so, what farm organizations have been notified and what response did the minister receive?

Some hon. Members: Order.

Mr. Zaplitny: My question is perfectly in order, Mr. Speaker.

Mr. Harkness: Mr. Speaker, in view of the fact that questions in connection with this matter have already been ruled out of order, I do not propose to answer further.

PUBLIC SERVICE

REQUEST THAT BOXING DAY BE MADE ADDITIONAL HOLIDAY

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I believe it was last Monday that the hon. member for Winnipeg North Centre asked the Secretary of State whether or not civil servants would have a holiday on Boxing day. I notice this morning that the Secretary of State is beaming with the spirit of Christmas. I was wondering whether she has any statement to make about the policy of the government in that respect.

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, I was not aware that it was so noticeable. The answer I gave the other day to the hon. member for Winnipeg North Centre still stands. Probably I had better explain that I was asked about six weeks ago to make an announcement with reference to the two half days before Christmas and New Year's in order to give those civil servants who desired to travel over the holiday an opportunity to arrange transportation. It seems to me that it would be unfair to them to make any last minute changes in the holidays which are to be given this Christmas.

I recognize that the observance of Boxing day has increased. As a matter of fact it is an observance that has grown up in Canada over just a relatively few years, although it has long been a recognized holiday in the United Kingdom. I can assure my hon. friend that the matter is under active consideration, and before another holiday season comes around we hope we will have a satisfactory solution to the problem.

Mr. Alistair Stewart (Winnipeg North): May I ask a supplementary question of the Secretary of State. In view of the fact that in Winnipeg Boxing day is a holiday recognized everywhere, is it possible that civil servants in Winnipeg will be given Boxing day as a holiday?

Mrs. Fairclough: I do not think, Mr. Speaker, we could differentiate between domiciles.

HOUSE OF COMMONS

PAYMENT OF OVERTIME TO SESSIONAL STAFF

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I am not quite certain whether this question should be addressed to the Secretary of State; but with regard to the sessional staff, I understand they were told that when the house sat on Saturdays they would be paid for Saturdays because theirs is only a five-day week. I understand that now, however, they have been told they will not be paid for work on Saturdays. Would the minister explain that situation?

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, may I inform the hon. gentleman that that is a matter which comes under the jurisdiction of Mr. Speaker, but I am sure I can speak for him and say that he will take it under consideration.

[*Later:*]

TRANS-CANADA AIR LINES—ARRANGEMENTS FOR TRANSPORTATION OF MEMBERS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I know a number of hon. members are obtaining T.C.A. reservations to go home. In order to facilitate them in picking up their tickets, arrangements have been made with T.C.A. to have a representative on duty in room 574 from one o'clock to three o'clock today and from nine o'clock until eleven o'clock tomorrow morning. I repeat that the room number is 574, and the times are from one o'clock to three o'clock this afternoon and from nine o'clock until eleven o'clock tomorrow morning.

INQUIRY AS TO DISTRIBUTION OF PARLIAMENTARY GUIDE

On the orders of the day:

Mr. Yves Leduc (Verdun): I should like to direct a question to the Secretary of State. Can the minister inform the house if the Parliamentary Guide will be distributed before the holiday season?

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, this is not within the jurisdiction of my department, but I shall be glad to make inquiries about it.

INCOME TAX

DEDUCTIONS FROM CANADIAN FORESTRY WORKERS EMPLOYED IN UNITED STATES

On the orders of the day:

Mr. Ovide Laflamme (Bellechasse): I would like to ask a question of the Minister of National Revenue. Will the minister tell the house under what authority the Department of National Revenue collects income tax at the source from forestry workers working in the United States of America, although the same workers are not entitled to unemployment insurance?

Inquiries of the Ministry

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, I think I had better take a look at that question before I give an answer.

BRIDGES

OTTAWA—INQUIRY AS TO CONSENT OF PREMIER OF QUEBEC

On the orders of the day:

Mr. Alexis Caron (Hull): May I address a question to the Minister of Public Works. On December 17, at page 2468 of *Hansard*, in answer to a question by the hon. member for Restigouche-Madawaska concerning a bridge between New Brunswick and Quebec, the minister answered:

—the hon. member has been a very persistent advocate of action—

Some hon. Members: Question.

Mr. Caron: This is the question; you want to go too fast. If we need persistence to get bridges would the minister assure me that if I were persistent enough with respect to a bridge between Ontario and Quebec, east of the present Alexandra bridge, he would do his best to get the consent of the premier of Quebec?

Hon. Howard C. Green (Minister of Public Works): May I point out to the hon. member that "if" questions are not in order.

NORTH SASKATCHEWAN RIVER—REQUEST FOR ASSISTANCE BY ALBERTA AND SASKATCHEWAN

On the orders of the day:

Right Hon. J. G. Gardiner (Melville): Mr. Speaker, I should like to ask the Minister of Public Works a question. If he is not able to answer this morning he can take it as notice and give me an answer tomorrow. Have the governments of Alberta and Saskatchewan made application for assistance in the construction of a bridge across the North Saskatchewan river north of Lloydminster, one end of which would be in Saskatchewan and the other end in Alberta? Has the government been urged by the two provinces to assist in constructing that bridge under the usual practice followed when three governments are involved?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I know of no such request having been made.

Mr. Coldwell: Is there a request on file from any member of the previous government?

Mr. Green: Mr. Speaker, perhaps this is one of the things the previous government did not do.

Mr. Gardiner: I can answer my hon. friend. There was a request from me.

[Mr. Laflamme.]

BLIND PERSONS

INQUIRY AS TO ABOLITION OF MEANS TEST

On the orders of the day:

Mr. D. F. Brown (Essex West): May I address a question to the Minister of National Health and Welfare. Has the government considered the request of the companions' club of the blind for an allowance free of the means test for blind Canadians? If so, can the minister report anything encouraging in response to the requests?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have not actually, to my knowledge, received such a request from the institute for the blind although I understand I am going to do so. However, as I say, as yet I have received no such request.

(*Translation*):

HOUSING

QUEBEC-ONTARIO—PROPORTIONS OF LOANS GRANTED

On the orders of the day:

Mr. Leopold Demers (Laval): Mr. Speaker, I should like to direct a question to the hon. Solicitor General. On December 11 of this year, the newspaper *La Presse* was supplied by the Central Mortgage and Housing Corporation with certain statistics on housing construction in Canada. They include the following:

Area	Loans	Amount
Quebec	2,092	$24,000,507
Ontario	5,944	79,306,439

I would therefore ask the hon. Solicitor General, as a minister representing the province of Quebec, to use his utmost influence in seeing that a more equitable distribution is ensured to all provinces, especially to the provinces of Quebec and Ontario.

Hon. Leon Balcer (Solicitor General): Mr. Speaker, in reply to the question of my hon. friend, let me say that I shall do so with great pleasure, which will be easy in any case since the present government is only too happy to take an interest in problems which concern the province of Quebec.

(*Text*):

PUBLIC WORKS

BONAVISTA, NFLD.—CONSTRUCTION OF BAIT DEPOT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I may ask the Minister of Fisheries if he still hopes to

get construction of the bait depot at Bonavista started with a view to providing winter employment.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, plans are being pressed forward to get the construction of the bait depot at Bonavista under way as soon as that is practicable. I am not in a position to state at the moment if we will succeed in doing that during this winter season, but if not we will have it under way as soon as weather permits.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REQUEST FOR EARLY REPORT ON OIL AND GAS

On the orders of the day:

Mr. A. R. Smith (Calgary South): Mr. Speaker, I should like to address a question to the Acting Prime Minister.

In view of the statement in this morning's edition of the *Globe and Mail* by Mr. Henry Borden that the royal commission on energy does not intend to produce an interim report on oil and gas export policy, would the government, recognizing the serious problems of the petroleum industry, request the commission to give immediate consideration to the problems of this industry with a view to avoiding lengthy delay in establishing a development policy?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the government will be very glad to look into the suggestion made by the hon. member.

ROYAL COMMISSION ON ENERGY—REQUEST FOR RECOMMENDATIONS RESPECTING TRANS-CANADA PIPE LINE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Acting Prime Minister. When the government is in touch with the Borden commission along the lines suggested by the hon. member for Calgary South, will the government ask the commission to include in any early report it may make its recommendations concerning the ownership and control of the trans-Canada natural gas pipe line, and also its recommendations concerning the regulation of prices to be charged, for example by the board of transport commissioners?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, we will be very glad to take those suggestions into consideration also.

Inquiries of the Ministry

LABOUR CONDITIONS

UNEMPLOYMENT—INQUIRY AS TO WINTER PROGRAM FOR B.C.

On the orders of the day:

Mr. Douglas Jung (Vancouver Centre): Mr. Speaker, may I address a question to the Minister of Northern Affairs and National Resources. Is the minister able to announce at this time any plans to put men to work this winter on outdoor activities which will be of help to the province of British Columbia?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, at the request of the Minister of Labour the provision of winter employment on projects that could be undertaken by or through the Department of Northern Affairs and National Resources has been under careful study. The department regularly provides substantial winter work through its operations in the national parks, in northern Canada and in various other fields.

Within the funds that have been made available by parliament, steps have already been taken to carry out additional winter work over and above normal level. Examples of these steps are at Cape Breton Highlands park, Terra Nova park and Prince Edward Island park, where a total of about 200 jobs have already been made available or will be available within a few days.

However, plans have been under way for projects on a much greater scale, providing additional funds are voted by parliament. It is the intention to bring in additional estimates, and if these are voted before January 15 work will be started within a few days thereafter on a series of jobs throughout the national park system, including Wood Buffalo park which is astride the Alberta-Northwest Territories boundary.

These works will include cutting and clearing projects on highways and trails, forest sanitation cutting, preliminary work on camp and picnic ground development, the construction of bungalow camps, and a stepped-up program of building and equipment repair. The work will provide employment from January 15 throughout the winter for some 1,500 persons on the basis of a 44-hour week. Additional work under this same general plan will provide a further 200 jobs on the Mackenzie highway. Between now and January 15 all necessary arrangements will be made so the work can start immediately after that date.

Of these jobs some 600 will be in the western parks, some 400 in the maritimes, and the remainder in the prairie provinces

and in the southern part of the Northwest Territories. I will be in close consultation with my colleague the Minister of Labour to ensure that these jobs are filled by persons coming from areas with high rates of unemployment. Most of the work is of an outdoor nature and should, for example, provide substantial assistance in finding jobs for unemployed forest workers in British Columbia. I estimate that this program will provide about 1,000 jobs for the area of the hon. member. I should emphasize that all these projects are of a most useful nature and would have to be undertaken at some time in the next year or two in any event. We are not creating work; we are stepping up our planned program.

I should also mention that further studies are being made at the present time which I am hopeful will result in the provision in the immediate future of an even greater number of jobs than those I have outlined above. As soon as possible I will be glad to make a further announcement as to what we have been able to do.

Mr. D. F. Brown (Essex West): Mr. Speaker, may I ask the minister if any plans have been made for the work for Point Pelee national park to take care of some of the unemployment in the Windsor area?

Mr. Hamilton (Qu'Appelle): No, Mr. Speaker.

NORTHERN AFFAIRS

PEACE RIVER AREA—RAILWAY LINE, GRIMSHAW-PINE POINT

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I would like to ask the minister a supplementary question. Is the minister prepared to make a report on the survey I understand was undertaken to provide a railway line from Grimshaw north to Pine Point? That was a project which I think was considered as one which might give employment to a considerable number of the stricken farmers in the Peace river area. Could the minister say if progress has been made on that survey?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the department which I happen to head has divided its efforts along this line into two parts. In the first instance there are short-term projects such as those I mentioned this morning, and then there are long-term projects. The railway project to which my hon. friend has referred is not one that could be carried out in one season or in one winter.

As for the survey, it was conducted by the two railways, the Canadian National Railways and the Canadian Pacific Railway, and naturally enough we in the department are very hopeful that when the reports come in to us in formal form we can do everything possible to encourage the construction of this very necessary project so vital to the opening up of the north at the very earliest moment.

Mr. Low: Just one other supplementary question, Mr. Speaker. What I was thinking of more particularly was the possibility of sending out brushing crews during this winter, which would give employment to many of the farmers in that area who are stricken.

Mr. Hamilton (Qu'Appelle): Yes. I am quite aware of what the hon. member is asking, Mr. Speaker, but the decision to go out and cut and clear a right of way must be based on an acceptance of the final route of the railway, and the final decision as to whether it will start from Grimshaw or Waterways or the other alternatives has not been made.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER SUPPLEMENTARY ESTIMATES

On the orders of the day:

Hon. George C. Marler (St. Antoine-Westmount): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Are we to infer from the answer given just a moment ago by the Minister of Northern Affairs and National Resources that the government will bring down further supplementary estimates early in the new year for all the various departments?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, I do not think it will be necessary to go that far. I am not in a position to say, of course, exactly what supplementary estimates would be brought down, but it is obvious that some will be required.

Mr. Marler: May I take it that it would be early in January?

Mr. Green: Just as quickly as possible, Mr. Speaker.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a supplementary question with reference to possible supplementary estimates, Mr. Speaker, and I direct my question to the Acting Prime Minister. In view of the support expressed from all over the house last Monday for doing something to bring up the lower pensions of retired civil servants, will the government consider bringing down a supplementary estimate to achieve

this purpose so that when we vote interim supply such a move could be brought into effect without delay?

Mr. Green: Mr. Speaker, I think there are a couple of fishhooks in that question.

[*Later:*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Acting Prime Minister if he will take a look at my question which he did not want to answer today and give an answer tomorrow? I can assure him there were no fishhooks in it. It is a very serious question.

Mr. Green: Mr. Speaker, the fishhooks will still be there tomorrow.

Mr. Knowles (Winnipeg North Centre): Will the minister answer it tomorrow?

TRANSPORT

PORTUGAL COVE-BELL ISLAND, NFLD.—ASSISTANCE TO FERRY SERVICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Transport if consideration is being given by his department at the present time to assistance for the ferry from Portugal Cove to Bell island, Newfoundland.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, that question has been under consideration for some time.

Mr. Pickersgill: Is it under active consideration at the present time?

Mr. Hees: Yes, Mr. Speaker.

PUBLIC BUILDINGS

WESLEYVILLE—PROPOSED NEW POST OFFICE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Public Works about something else the previous government did not do. If he is going to bring in any supplementary estimates, will he consider including the Wesleyville post office?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, it is quite obvious that the hon. member for Bonavista-Twillingate has a guilty conscience about that post office.

FISHERIES

WEST COAST—STATEMENT ON BOUNTY OR FLOOR PRICE ON DOGFISH

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, on December 5 and 6 the hon. members for Comox-Alberni and Burnaby-Richmond asked questions regarding dogfish on the Pacific coast. These questions arose out of a letter addressed to me by the united fishermen and allied workers' union.

I may say this is not a new problem. Dogfish, a species of small shark, have been a nuisance to fishermen and a predator on food fish for many years on both the Pacific and Atlantic coasts. In some years there appears to be a greater concentration of these predators than in others.

In 1956 parliament approved a plan to encourage the catching of dogfish on the Pacific coast and their manufacture into meal for animal feed. An amount of $300,000 was voted to give a bounty of $10 per ton on 30,000 tons. Actually only 220 tons of dogfish were caught. The fishermen and the processors could not get together on price and other arrangements.

There is obviously not much point in renewing an offer of this kind. If, however, the fishermen's union along with the operators of the fish reduction plants and the processors of dogfish liver oil would get together and present a jointly agreed proposal which has a reasonable chance of successfully eliminating or reducing the numbers of this predator, the government will be prepared to consider such a proposal carefully.

Mr. T. S. Barnett (Comox-Alberni): I wish to ask a supplementary question. Has the minister or the government considered redrafting the original proposal in such a way as to ensure, through government action, that the proposed bounty would go directly to the fishermen? If that were done, would it not remove the necessity of a joint arrangement to which the minister has referred?

Mr. MacLean: Yes, the department and I have considered the situation carefully, but I must admit that so far we have been unable to come up with any suggestion which would seem to be workable.

INQUIRY FOR RETURN

TRANSPORT—LAND EXPROPRIATIONS, CORNWALL

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I bring to the attention of the Secretary of State an order for return which was passed by the house on November 18 concerning certain expropriations of land. I am most anxious to get the information before the year is out. Would the Secretary of State be good enough to hasten the reply?

Hon. Ellen L. Fairclough (Secretary of State): I shall be very happy to do what I can.

Inquiries of the Ministry

SHIPPING

UNION STEAMSHIP LINES, B.C.—SUBVENTION PAYMENTS

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I have a question for the Minister of Transport. I gave him verbal notice yesterday of my intention to ask it. Has a decision been reached regarding the payment of a subsidy to Union Steamships, having in mind the unnecessarily high subsidy of $562,000 paid to this line? If so, what is the decision?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for his courtesy in advising me yesterday of his intention to ask this question. The situation concerning subsidized services on the west coast has been under study for some time as the result of complaints by unsubsidized operators who are operating in competition with the subsidized services. To continue the existing services involving two passenger-cargo vessels would have involved unjustifiably large expenditures of public funds, since the subsidized operator requested a substantial increase in subsidy as a condition of continuation. This was particularly undesirable at a time when both passenger and cargo offerings on the British Columbia coast have diminished considerably.

It was not possible to reach agreement with Union Steamships for service in the area involving the use of one vessel only. At the present moment alternative methods of providing reduced services to certain essential points at less cost are being explored and we expect a solution at an early date. In the meantime Union Steamships company is continuing to operate the existing services until January 2. When these other arrangements are finalized I will make a more detailed statement in the house.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I understood the Minister of Transport to intimate that Union Steamships would continue certain services until January 2 next. What steps is the government taking to ensure that communities now being served by Union Steamships are not going to be completely stranded without any steamer service at all?

Mr. Hees: Mr. Speaker, I think I indicated in my answer to the hon. member for New Westminster that at present we are negotiating with other operators on the west coast to see that that does not happen.

[Mrs. Fairclough.]

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION AND PURCHASE OF BRANCH LINES IN MANITOBA

The house in committee on Bill No. 196, respecting the construction of a line of railway by Canadian National Railway Company from Optic lake to Chisel lake, and the purchase by Canadian National Railway Company from the International Nickel Company of Canada, Limited, of a line of railway from Sipiwesk to a point on Burntwood river near Mystery lake, all in the province of Manitoba —Mr. Hees—Mr. Courtemanche in the chair.

On clause 1—*Construction of line of railway.*

Mr. Chevrier: Is the minister going to make a statement?

Mr. Hees: Mr. Chairman, this bill has been thoroughly examined by the committee on railways, canals and telegraph lines. I believe all questions which hon. members asked in committee were answered by those who appeared as witnesses. I very much hope this bill can go through the committee stage.

Mr. Chevrier: I wonder if I could ask the minister a question which I did not have the opportunity of asking in the committee. What is government policy with reference to these lines? I have reference now to developmental lines and to lines that are being built by Canadian National Railways. The former government had laid down a policy which was explained in this house from time to time, and I wonder whether, briefly, the minister could not tell us what is the policy of the government with reference to developmental lines, and with regard to lines that are to be built for the government by Canadian National Railways.

Mr. Hees: Mr. Chairman, I do not know of any change in governmental outlook on the building of railway lines. The present government believes that transportation facilities usually have to precede development in various parts of the country. Where it appears that the building of a line will materially assist in the development of certain areas, and that it is a good economic risk, then the government is inclined to endorse the construction of the railway line.

So far as the two branch lines with which we are dealing now are concerned, they have both been thoroughly examined by the management of Canadian National Railways and are believed to be good economic risks. On that basis the government approved the building of the lines.

Mr. Chevrier: I was not questioning the soundness of the economic position of the lines. I think that was clearly taken care of in the committee. What I was trying to inquire from the minister was the financial aspect of these lines. Is it the policy of the government to pay a portion of the cost itself and ask the government owned company to contribute a portion? I am not referring to this line particularly, but I am referring to government policy as a whole.

Mr. Hees: I think I would rather wait until a specific proposal is put forward by a particular area of the country. For instance, at the moment a submission has gone forward to the management of Canadian National Railways concerning a proposal to build a railway line in the Gaspe peninsula. This proposal is being thoroughly studied by the research and development department of Canadian National Railways, and I expect the government will receive a report on the economic aspects of such a line in due course. When we receive that report we will give it very thorough consideration.

Mr. Chevrier: May I ask the minister if this particular proposal to which he refers is one which is being investigated by Canadian National Railways or by the Department of Transport?

Mr. Hees: It is being investigated by Canadian National Railways. A delegation from the Gaspe peninsula came to see the Prime Minister and myself some two weeks ago and presented a brief. I have sent that brief along to the management of Canadian National Railways with a request that it be examined and a report on it sent to me as soon as it has been possible to make a thorough study of the proposal.

Mr. Chevrier: I am sorry; did the minister say he had the report? I could not hear.

Mr. Hees: No, I requested that a report be forwarded to me as soon as it is ready. I believe this project has been brought up by the people of Gaspe from time to time in the past. I do not believe any conclusion was reached by the previous government.

Mr. Chevrier: Well, it was studied as recently as last May, I am informed.

Mr. Hees: When a report is received by me from the management of Canadian National Railways concerning this particular project I will be in a better position to know whether or not it is economically justifiable. I do not believe there is any more I can say at the present time. All I can say is that whenever an area brings forward a proposal I can assure the house that it will be thoroughly examined by my department and by the Canadian National Railways, if Canadian National is requested to build a line, and an intensive study will be made of the project.

Mr. Marler: I should like to ask the minister one question. Earlier today during questions on orders of the day with regard to a proposed line from Grimshaw to Pine Point or from some other place such as Waterways to Pine Point, the Minister of Northern Affairs and National Resources seemed to indicate that the matter was under study by his department. I was just wondering if the Minister of Transport did not seem to be abdicating the responsibilities which seemed to belong to his department in connection with that project. I should like to know if it is not his own department that has the subject of a railway line to Pine Point under consideration, rather than the Department of Northern Affairs and National Resources?

Mr. Hees: No, Mr. Chairman, the present minister is not abdicating anything. The department of northern affairs is very interested in this case, just as the Department of Transport is. At the moment the study is being undertaken jointly, as I believe the hon. member knows, by Canadian Pacific and Canadian National Railways. As soon as a report is forthcoming I will examine it with just as keen interest as the minister of northern affairs. I have not abdicated any of my interest in railway matters in this country.

Mr. Zaplitny: Before this clause is carried I wonder if the minister could say what assurance the railway company has from the International Nickel Company as to the tonnage of freight that will be moving over this line over a period of years. I would assume that there is some assurance, perhaps in the form of a contract in writing with the railway company, that a certain minimum tonnage will be moving over this line.

Mr. Hees: The guarantee which has been given to Canadian National Railways by the International Nickel Company relates to the gross tolls which will be received by the railway company during the first 10 years of operation of the line. In what I said when the bill was first introduced I think I outlined the details of that guarantee. If the hon. member wishes me to deal further with the matter I shall be glad to do so. However, the railway company and the government feel that the guarantee which has been given by the International Nickel Company is a very satisfactory one indeed.

Clause agreed to.

Clauses 2 and 3 agreed to.

Hamilton Harbour Commissioners

On clause 4—*Purchase of line of railway.*

Mr. Marler: I should like to take this opportunity of correcting the record with regard to this project. Hon. members will recall that under clause 4 the railway company is authorized to purchase a branch line constructed by the International Nickel Company of Canada Limited for a price of $5,400,000. During the debate on second reading or at the resolution stage of this bill I pointed out that there had been an increase in the cost of this branch line since the time the matter was first considered by me when I was minister of transport.

I should just like to put on record the fact that during the study of this bill in the committee on railways, canals and telegraph lines the difference between the amount which had originally been mentioned to me, which was $4,500,000, and the present figure of $5,400,000 was quite satisfactorily explained by Dr. Solandt, who is vice president in charge of research and development for the Canadian National Railway Company.

For the information of this committee I should merely like to say that after the matter was approved by the previous government there was a small increase in the cost of the project, and that the difference between that price, which I think was $4,685,000, and the amount of $5,400,000 which has been specified in the bill is explained by the usual allowance of 15 per cent which it is customary to make in these railway projects. I should like to correct any impression there might be that there had been something wrong in the change from $4,500,000 to $5,400,000.

Clause agreed to.

Clauses 5 to 11 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

HAMILTON HARBOUR COMMISSIONERS

LEGISLATION TO AUTHORIZE LOANS FOR ADDITIONAL FACILITIES

Hon. George H. Hees (Minister of Transport) moved that the house go into committee to consider Bill No. 197, respecting the Hamilton harbour commissioners.

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

On clause 1—*Short title.*

Mr. Hees: As in the case of the railway branch line bill, this bill was also thoroughly considered by the standing committee on railways, canals and telegraph lines. I believe all the questions were thoroughly considered and answered by the witnesses who came before the committee.

During the examination of the bill in that committee the hon. member for St. Antoine-Westmount made a suggestion as to the change of a word in clause 5. I told him that I would take it under consideration. I have discussed the matter with the law officers of the crown and they find no objection to the change being made. I am very glad to be able to tell the hon. member that when clause 5 is reached I will ask my colleague the Minister of National Health and Welfare to move the appropriate amendment.

Mr. Chevrier: I think I can reiterate what I said in the committee, namely that we on this side of the house are in support of this bill. I particularly went perhaps a little further than I would go under normal circumstances, in saying that I felt the facilities that were being provided by this bill were required because of the enhancement of traffic that would follow upon the construction of the seaway.

However, I want here to bring to the attention of the minister a suggestion I made in another debate, and to which I cannot refer without repeating it. I shall therefore repeat it as briefly as possible. It is this. The question is raised here, as it will be again from time to time, about facilities for ports and harbours all along the route of the seaway from, say, Seven Islands up to the head of the lakes. I wonder whether the minister has given any consideration to the suggestion I made about an economic survey. On another occasion I suggested the carrying out by his department of an economic survey to ascertain what the effects of the seaway would be on the various regions of Canada, the ports and harbours along the seaway route, and finally with particular reference to the great metropolitan areas of Montreal and the Toronto-Hamilton area.

It seems to me that for the consideration of this bill and others which I am sure will come up for consideration from time to time, some attention must be given to planning, because it is evident that with iron ore moving upbound and grain and coal moving downbound, there is quite likely to be a new type of vessel in operation. To what extent the new traffic, together with the traffic which already exists and other specialized traffic, will be directed toward one port rather than another are questions to which I am sure the minister will want to give consideration. I am therefore wondering whether he has had an opportunity of discussing with his officers the suggestion which I made earlier and which I now repeat.

Hamilton Harbour Commissioners

Mr. Hees: Some few days ago the hon. member for Laurier made what I considered to be a very helpful and constructive speech in the house. In it he made several constructive suggestions to me, and I wish to assure him that I have taken them very seriously. I am having each one studied by the officials of my department. I expect very shortly to be able to give him a report as to the feasibility of carrying out the suggestions he has made.

I feel that the suggestion with regard to an economic survey is a good one; there is no question about that. It is just a question as to how it could best be done, and that is being examined at the present time.

Mr. Marler: I would like to make one or two comments with regard to this bill. In essence the bill is to provide the financing for a project which contemplates substantial and useful enlargements to Hamilton harbour. I think we are all fully impressed with the importance of Hamilton harbour and with the volume of traffic it is now handling.

When we discussed the project on second reading it developed that the total cost is likely to be about $8 million, of which $4 million is to be advanced by the government under this bill as a loan to the Hamilton harbour commissioners, and the other $4 million is to be provided by the Department of Public Works. I take it that in due course we shall have the opportunity of dealing with the estimates which will be brought forward for that purpose, but I would like to draw to the attention of the minister particularly that this is quite a significant departure from past practices in the sense that I think, broadly speaking, it has not been the practice of previous governments to defray even in part the expenditures which are made by these autonomous harbour commissioners. It might therefore create a precedent which other harbour commissioners will expect to have followed in their own cases.

For example, in the case of some of the harbours coming under the national harbours board the full cost of those improvements is, in effect, assessed against the local harbour in the accounts of the national harbours board. If one builds a large wharf for Montreal, for example, at a cost of $4 million, that $4 million forms part of the investment of the national harbours board in the Montreal harbour and no part is paid by the taxpayers at large. It forms part of the accounts of the national harbours board, and the interest and amortization of the cost is taken care of through the revenues from that particular harbour in the accounts of the board.

Hamilton Harbour Commissioners

In this particular case what is really happening is that approximately half the cost will be furnished, interest free, by the federal government to this harbour commission. During the course of the discussion of the bill in the committee on railways, canals and telegraph lines this subject was touched on very briefly; to this extent, that I asked Mr. Harstone, who was the chairman of the commission, what would be the additional revenues which would accrue to the commission from the construction of the proposed facilities. He said in round figures they had estimated it would be approximately $230,000. That was the additional revenue that would be received from the three projects which would be financed under this bill.

That seems to suggest rather clearly that the harbour would not be capable of bearing the interest cost of the whole investment of $8 million, because even if one calculates principal and interest at an annual rate of 5 per cent on $8 million, one sees that the annual charge would be at least $400,000, and consequently the revenues which would be available to the commission from these projects, at least, would not be sufficient to make them self-sustaining.

But I would like to say to the minister that I realize that is not the issue in this bill. The issue in the bill is whether or not $4 million is to be loaned to the commission, and there is no doubt from the evidence placed before the committee that the commission would be able to service the principal and interest on this $4 million.

I fully expect that when the Minister of Public Works brings before the house his estimates with regard to the balance of the cost, he will then be in a position to supply us with a more detailed statement of the economics of the situation than we had in the committee, and I am sure hon. members will appreciate that we were under some disability in that connection in that we could hardly make that an issue in the discussion of a loan project.

However, when it comes to voting the government contribution to this project I fully expect the Minister of Public Works, who is always most anxious to provide the fullest information on everything under the sun, will bring with him information as to the economics of this particular project so we may see how fully it has been justifiable to depart from the ordinary process, or perhaps I should say the ordinary procedure, of allowing the autonomous harbour commissioners to finance their own improvements.

Mr. Green: Mr. Chairman, perhaps I might save myself a little time on the public works estimates—

Mr. Marler: That may be.

Mr. Green: —if I said a word about this at the present time. The hon. member for St. Antoine-Westmount, I am afraid, is not aware of the policy which had been adopted by his own government. I understood him to say that all these harbour commissions were supposed to be able to finance their own projects. That is not the case at all; in fact although in some cases they have financed some of their projects, even in the case of the Toronto harbour commission the Department of Public Works stepped in and spent very large sums of money—

Mr. Marler: On dredging.

Mr. Green: No, money has been spent in other ways as well, and in our opinion it would be most unfair to the city of Hamilton if the policy being urged by the hon. member for St. Antoine-Westmount were to be followed. Mind you, the policy with regard to Hamilton harbour was enunciated by my hon. friend's colleague, Hon. Robert Winters, in 1956.

We have an economic studies branch of the Department of Public Works, and before any legislation was brought forward they had made a very careful study of this whole Hamilton harbour situation in co-operation with the officials from the Department of Transport. Incidentally, the two departments work very closely together on many projects and I think that in this case there were also other governmental departments. As a result of that study it was found that the payment of charges on one-half the investment required for these works in Hamilton harbour would be about as much as the commissioners could undertake at this time.

Here is the basis for government policy as represented by this bill. There is no such thing as a uniform policy in all the harbour commissions. Each harbour must be dealt with on the merits of that particular harbour. There are, as the hon. member for St. Antoine-Westmount knows, several other harbour commissions, and the Department of Public Works has built almost all the public facilities in Winnipeg-St. Boniface, Port Alberni, North Fraser, Belleville—

An hon. Member: New Westminster.

An hon. Member: No, not New Westminster.

Mr. Green: —and Windsor.

There will be developments in other harbours as a result of the opening of the St. Lawrence seaway which will have to be paid for at least in part by the Department of Public Works. Take for example Fort William-Port Arthur. I wrote a letter to the mayors of these two cities just a few days ago outlining the results of the surveys made, again by the economic studies branch of the Departments of Public Works and Transport. We have also investigated Sault Ste. Marie and the need for harbour developments there as a result of the opening of the seaway. That report is not yet available. Today our investigation team is down in the city of Windsor investigating the need for developments at Windsor.

These activities are all being carried out with great dispatch in an attempt to meet the needs in these different centres, and I suggest to the hon. member that this proposal that the Department of Public Works should pay half the cost and the harbour commissions pay the other half is a very reasonable plan.

As a matter of fact, before this policy was adopted the Department of Public Works had been paying everything. Now the department is only having to find one half, so to adopt the policy urged by the hon. member for St. Antoine-Westmount and make the harbour commission pay all the cost would be very detrimental to the city of Hamilton and to the area served by that great city.

The hon. member made some statements on December 3 about this question which were not accurate. For example, he said:

> I can, however, recall no instance in which the government has used public funds, obviously through the budget of the Department of Public Works, and either alone or jointly with any harbour commission undertaken the construction of facilities which by their very nature are revenue producing.

The fact is that in practice the Department of Public Works has at its own expense constructed most of the public facilities in the commission harbours. Hence the present proposal does not represent a precedent other than in the question of sharing, as against full responsibilty by the Department of Public Works.

Then the hon. member said, again on December 3:

> It never occurred to me that the Department of Public Works had any responsibility to provide the facilities in the harbours where a harbour commission had been established.

The answer, as I have already mentioned, is that in practice the Department of Public Works has in the past provided nearly all such facilities. The hon. member said further:

> The New Westminster harbour commission borrowed moneys from the federal government to cover its new ocean terminal, but there was no question of the federal government sharing half the cost.

Well, this certainly represented a precedent at the time, and represents a move in the

direction of more responsibility for harbour works on the part of the local harbour commissions.

Mr. Marler: When they were self-liquidating.

Mr. Green: It remains to be seen whether many of these projects will be self-liquidating. I hope they will be, but that is by no means certain. Then the hon. member said on the same day:

> I think a new terminal was put up at not inconsiderable expense by the Toronto harbour commission. In that particular case, it obtained its own funds without government help and the government did nothing towards contributing to the costs of those facilities which were entirely paid for by the commission itself, as I said.

Mr. Chairman, this new terminal represents a building on a wharf, the headwalls of which were constructed at the cost of the federal government. Again the hon. member for St. Antoine-Westmount said:

> I think there must be some reason for departing from a policy which had been followed uniformly with all the harbour commissions across Canada.

To which the answer is that it has not been practical to have a uniform practice regarding harbour commissions because of the different financial and other conditions which govern their activities. Then the hon. member said:

> The government is making a gift of approximately half the cost of these facilities to a body which, I think we should all agree, is probably fully capable of meeting its own responsibilities and standing on its own feet.

He was referring to the proposed development at Hamilton. I point out in this connection that it must be borne in mind that hitherto the Department of Public Works has borne the full cost of all public structures in Hamilton harbour and nearly all elsewhere. Hence the present proposal is a move in the direction of the commissioners accepting more responsibility for their own harbours. Regarding the capacity of the Hamilton harbour commissioners to cover the full cost of the facilities, it must be kept in mind that the investigation made by the aforementioned officials of the three departments included a visit on site, and indicated that the payment of charges on one-half the investment would be about as much as the commissioners could undertake at this time.

I repeat that we are of the opinion that the policy being followed by the government with regard to the projects in Hamilton harbour is a fair policy, and we are confirmed in that opinion by the fact that it was also the policy of my predecessor.

Mr. Marler: Mr. Chairman, I think the Minister of Public Works, perhaps unwittingly, has sought to give the impression that I was opposed to the making of these changes in Hamilton harbour. The point I tried to make during the course of the discussions on this bill is really twofold. First there was the question of the loan aspect, as to which I think my remarks would bear no misinterpretation. We thought the loan was fully secured, and that there would be no difficulty experienced by the harbour commission in meeting the payments of principal and interest.

With regard to the remaining part of the cost, the $4 million being borne by the department, what the minister is now saying is, "We have looked at this and we find that the harbour commission is unable itself, to bear this full cost of $4 million". So, in effect, what the minister is doing is to confirm the general principle I have been trying to enunciate, namely that where the works are self-supporting it is reasonable that the harbour commission should bear the cost.

The minister has said, and Mr. Harstone in his evidence before the committee confirmed it, that the amount of income which would be derived from the construction of these facilities would not be sufficient to defray the whole cost of the improvements.

Consequently one is faced with the choice of either not building the improvements or of the dominion government financing them.

I am not quarrelling with the dominion government financing the additional $4 million after the statement has been made in committee and again by the Minister of Public Works that the board is not capable of doing so itself. My own feeling has been that in the case of the autonomous harbour commissions, where they have adequate revenues either in being or in prospect to finance improvements to their harbours the dominion government ought not to make expenditures in the form, if you like, of gifts to the harbour commissions. If the harbour commission is capable of repaying the principal and interest of the additional investment it should be called upon to do so.

In this particular case, as the Minister of Public Works has pointed out, Hamilton is not capable. I am not excusing the minister from giving us perhaps more detailed information when we come to his estimates, but I am not quarrelling at the moment with the principle of the federal government doing it after the study which the minister has referred to of the economics of the situation.

Mr. Green: That study was completed before this plan was brought forward. In what I quoted a few moments ago I could not place my hand on the list of other departments which participated, but I find that the

third department participating was the Department of Finance; and as I think the hon. member for St. Antoine-Westmount well knows, anything that the spending departments can get past the Department of Finance has to be pretty good.

Mr. Hees: We will all vote for that.

Mr. Marler: I think that is something on which we can all agree very fully, but I would point out that of course the Minister of Public Works and the Minister of Transport in considering this particular improvement were in the fortunate position of having this economic study in their possession. It was not made available to the committee, and I think the ministers would agree that all we have had from it so far are the headlines. However, I realize that that is not a pertinent part of this bill, and I am not going to try to protract the discussion by needling the minister to give us something more than the headlines of this study.

Mr. Lennard: Mr. Chairman, I was rather surprised when I heard the hon. member for St. Antoine-Westmount say this was a change of policy, because I happen to know from correspondence I have seen in connection with the Hamilton harbour project that the former minister of public works and the former minister of finance had agreed to this plan. Surely the hon. member for St. Antoine-Westmount, who at that time was minister of transport, should have known that.

Mr. Schneider: Mr. Chairman, I should like to express my approval of this bill. I would be a lot happier if there were full assurance that it was definitely a self-liquidating project, but I think if any project in the country has a chance of being self-liquidating this project has, because these dock facilities will serve a highly industrialized section of the country. I refer, of course, to the group of cities and towns just north of Hamilton including Kitchener, Waterloo, Guelph, Hespeler, Preston, Galt and Brantford. These are all extremely active and highly industrialized centres. This will serve as their seaport on the new St. Lawrence seaway, and I therefore express my approval of this loan.

Mr. Fisher: Mr. Chairman, the fact that the Minister of Public Works spoke about the lakehead situation gives me an opportunity to ask some questions and draw some comparisons, but before I do so I would like to congratulate both the Minister of Transport and the Minister of Public Works for their action in getting things under way at the lakehead. I think it is a magnificent step and one on which they should be highly complimented. I know the feeling at the lakehead in regard to the steps that have been taken is very good.

However, there are some comparisons and contrasts between the Hamilton situation and the lakehead situation. As the ministers well know, we have complexities at the lakehead which are different from the situation that obtains at Hamilton. First of all, we have pressure from the west and particularly from the Manitoba government. I believe there is no provincial government pushing in the Hamilton situation. Second, we have the two railroads involved right in the centre of this situation, because they already have facilities at the lakehead which could come in conflict, and furthermore they are tied up with the lakehead shipping interests which at the present time feel that the provision of deep-sea facilities will redound to the advantage of foreign shipping interests rather than Canadian interests. The trucking associations are of course applying very strong pressure in the situation at the lakehead. I understand this was also a factor at Hamilton, where the truckers wanted better facilities.

Finally, of course, we have in the lakehead situation something of which the ministers have become aware and that is the inter-city rivalry which has a history stretching back to the 1860's, and which is still bitter at the present time.

The Minister of Public Works said there is no over-all policy in this regard; you have national harbours, you have a situation where there are harbour commissions, and you have the present lakehead situation where you have neither of these contingencies. At the same time there has been in the past a great deal of expenditure by the federal government for dredging and to a certain extent for rock work. Would this not be a splendid opportunity for either of the ministers to present their analysis of the lakehead harbour situation and relate it to what has developed at Hamilton? I think this is the perfect time for a statement in this forum in relation to the lakehead matter. If the ministers cannot do it now I would look forward to their giving such a statement in the future, because there are comparisons and contrasts between the two situations.

Mr. Green: We will be very glad to deal with this question when our estimates are under consideration.

Mr. Pickersgill: Mr. Chairman, before the Minister of Public Works leaves I should like to express the appreciation we all feel over here for his tribute to Mr. Harris which he made a few moments ago, when he said it was very difficult to get expenditures past the Department of Finance.

Mr. Green: Oh, I was referring to the hon. member for Eglinton, the present Minister of Finance.

Mr. Pickersgill: Well, the minister made it quite clear by a slip of the tongue that he thought it was a continuing policy. What I rose to say is that since the Minister of Public Works has deliberately extended the scope of this debate I hope he will not forget that we are very concerned about the early development of the harbour at St. John's, Newfoundland.

Mr. Houck: Mr. Chairman, I wish to direct a question to the Minister of Transport. When the tolls and charges and other sources of revenue are set by the Hamilton harbour commission, do they have to be approved by the board of transport commissioners before they become final?

Mr. Hees: Well, my understanding is that they do. I am afraid I am not very much of an expert on that as yet, but I think they do.

Mr. Brown (Essex West): Mr. Chairman, I am happy to take this opportunity of expressing our appreciation to the Minister of Public Works for having sent an investigating team to Windsor to look over the situation with respect to the Windsor harbour commission formed by the previous government; and to say, too, that I think the commissioners who have been appointed by the present government to the Windsor harbour commission are most satisfactory and I am sure will do a most commendable job.

In my constituency there are about seven miles of waterfront on the Detroit river which is reputed to be the busiest inland waterway in the world, and there are great possibilities there for development of seaway projects. I understand that the investigation will probably reveal that bulk storage facilities will be required in that area. In the counties of Kent and Essex about 85 per cent of all Canadian corn is produced, as well as a large percentage of the total Canadian soy bean production. I am not sure of the exact percentage in relation to soy beans but I think it is around 80 per cent. This, coupled with the large acreage of wheat and other grains, means that we will require bulk storage facilities. I am hoping that if the commission makes a recommendation to the government for the erection of bulk storage facilities to handle these products, favourable consideration will be given by this government to making such provision.

Mr. Hees: May I correct an answer I gave the hon. member for Niagara Falls. I am advised that I was wrong in saying there is approval by the transport board of the rates that the Hamilton harbour commissioners may set. They establish their own rates, subject to the approval of the governor in council.

Mr. McMillan: Mr. Chairman, I should like to support the suggestion of the hon. member for Laurier that we should have an economic survey along the St. Lawrence and great lakes system. I may say I had this particularly in mind the other day when I asked the Minister of Transport about having such a survey made before the imposition of tolls on the seaway. I said I had in mind the fact that the tolls set should have no discriminatory effect against Canada or any industry in Canada. I think the minister said at that time that the tolls committee was giving the matter of tolls very intensive investigation.

It strikes me that an economic committee set up to study the effect tolls might have on the Canadian economy would approach the matter from a different viewpoint than a tolls committee. Hamilton, for instance, is totally within the toll area and I think may be at some disadvantage compared with Cleveland and Buffalo. It is possible for steel plants in Cleveland and Buffalo to get their iron ore and practically all their raw materials without having to transport them through the toll area at all, while in the case of Hamilton raw materials such as iron ore, coal, etc. would all have to go through the toll area.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

On clause 5—*Repayment of Loans.*

Mr. Monteith: Mr. Chairman, I move:

That the word "any" in the first line of clause 5 be struck out and the word "the" be substituted therefor.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time?

Mr. Hees: Now.

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Hees moved the third reading of the bill.

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

Vessel Construction Assistance

CANADIAN VESSEL CONSTRUCTION ASSISTANCE ACT

AMENDMENTS RESPECTING DEDUCTIONS, REASSESSMENTS, DEPOSITS, ETC.

The house in committee on Bill No. 72, to amend the Canadian Vessel Construction Assistance Act—Mr. Hees—Mr. Courtemanche in the chair.

On clause 1—*Deduction in respect of capital cost of vessels for purposes of the Income Tax Act.*

Mr. Hees: Mr. Chairman, as in the case of the other two bills that have come before the committee this morning this bill was also examined by the standing committee on railways, canals and telegraph lines. As it is a very technical bill dealing to a large extent with income tax law I very much hope that most of the questions of hon. members were asked and answered in that committee. I hope hon. members will be as considerate with me in the case of this bill as with the last two, because I appreciate very much their co-operation in passing those bills so rapidly.

Mr. Chevrier: Mr. Chairman, I had a number of very complicated questions with reference to income tax but I will not ask them of the minister. I just have one or two questions I am sure he can answer. I wonder whether he can give us the number of vessels that have benefited under the act and the value of such assistance?

Mr. Hees: I have not the figure offhand. I think that was answered in the committee.

Mr. Chevrier: I will not insist. The minister can give it to me later.

Mr. Hees: I will certainly give it to the hon. member at a later date.

Mr. Chevrier: What I am particularly interested in is the number of ships, the division of the ships, so far as yards are concerned, across Canada, and the amount of financial assistance that was derived under the present act.

Mr. Hees: I certainly will be glad to get that information in detail for the hon. member.

Mr. Marler: I should like to ask the minister one question in connection with clause 1 of the bill, I think it is. We had an opportunity to discuss the matter during the committee hearings, and I think the minister was going to give it some further consideration. As the bill is now drafted the benefits of the act can accrue only to the first operator of the vessel, as I understand it. It was suggested during the course of the discussion in the committee that perhaps the benefits should not be so restricted but that they might follow the vessel into the hands of a second purchaser.

I fully realized at the time the issue was brought up in the committee that perhaps it would depend on the circumstances. If, for example, there was a change of ownership of the vessel in the first year of its life it might not be unreasonable that the benefit should accrue to the purchaser for the remaining period in which this special depreciation might be written off.

On the other hand, I realize that if this were to take place many years after the vessel had been built we would in effect perhaps be encouraging the use of second-hand vessels rather than the construction of new vessels. I believe the minister was going to give that point some consideration. If he has done so since the committee sat I would be very much interested in hearing what his conclusions are.

Mr. Hees: I have taken up the matter in some detail and discussed it very thoroughly with the chairman of the maritime commission. He is very strongly of the opinion, and I think I agree with him, that the main purpose of the legislation is to encourage the purchase of new ships from Canadian shipyards. Although there might be something to be said for the suggestion that a prospective purchaser might be more inclined to purchase a new ship if he thought these income tax advantages would remain with the ship and be passed along to a subsequent buyer if he decided to sell the ship after the first year or two when there would still be considerable value to be depreciated, and that this might to some extent incline him to buy the ship from a Canadian yard, there does not seem to be very much evidence to that effect.

I agree that there is certainly something to be said for the hon. member's argument, but having discussed the matter thoroughly with the chairman of the maritime commission I have decided on his advice to leave the bill as it is.

Mr. Marler: I am sure the minister realizes that my remarks were in no sense expressed by way of criticism, because those who were members of the last house will recall that the Liberal government introduced this measure in the earlier part of the session early this year. There have been only very minor changes in the bill since then.

I think the important thing to remember, Mr. Chairman, is that the act is intended to stimulate construction in Canadian shipyards. There is no doubt at all that since the act

was adopted originally it has had the effect of encouraging people to build in Canadian yards. However, there were income tax difficulties that arose which are covered by the very complex language contained in one of the later sections of this bill.

It is a fact, though, that the measure has had a beneficial effect on shipbuilding in Canada. As a good many members know, the fact that Canadian yards have been able to give more rapid deliveries of new ships than some of the continental yards, the yards in the United Kingdom, has given a further impetus to shipbuilding in Canada. At all events, Mr. Chairman, I think this is a useful measure and I am glad the government has continued this element of Liberal policy.

Mr. Pickersgill: I am going to take advantage, Mr. Chairman, of the interpretation of the rules we heard so often from the Minister of Public Works when he was on this side of the house and say a word on clause 1. I agree with my colleague the hon. member for St. Antoine-Westmount that this is a very good bill indeed. I do hope, however, that this does not represent all the government is going to do for shipping and the shipbuilding industry.

As a vessel owner myself, and as a representative of a province the more populous part of which is an island, I should like to point out that, in the last few years, there has been a steady decrease in the number of vessels engaged in the local carrying trade along the coast of Newfoundland. While that makes it much easier for a vessel owner like myself to get cargoes readily because there are more cargoes than vessels—I am speaking against my own interests in saying this—I am sure all of us in Newfoundland would welcome anything the government could do to contribute to the amelioration of that situation.

I am not going to trespass further on the time of the house with a speech which I regard, though the Minister of Public Works would not, as being completely out of order.

Mr. Fisher: I want to point out one thing to the minister, not that it will affect this bill, but we have a shipyard at the lakehead. It has not had much work recently. This yard happens to be owned by the same shipbuilding firm that owns all the yards on the Canadian side of the great lakes. In other words, in a sense there is a monopoly by one company so far as ship construction is concerned on the Canadian side of the great lakes and the St. Lawrence.

This bill is undoubtedly going to help the parent company, but it does not appear that it is going to help the Port Arthur shipyard to any extent at all, except as production from the busier yards of this company bumps off down the line to Port Arthur. In other words, since we happen to have the highest cost yard in the whole chain we are going to be the last to get any advantage from the bill. I should tell the minister that even that much is appreciated.

I should like to remind the minister of a suggestion I made in the committee and which the civil servant being questioned thought would be very difficult to implement, that is finding some way of equalizing the position of the Port Arthur shipyard with those of the other yards concerned. I hope he will keep that in mind when consideration is given to this measure in the future, or when consideration is given to the shipbuilding industry.

Clause agreed to.

Clauses 2 and 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT ASSISTANCE ACT

AMENDMENTS TO REMOVE THRESHOLD PROVISION FROM AGREEMENTS, ETC.

The house resumed, from Wednesday, December 18, consideration in committee of the following resolution—Mr. Monteith—Mr. Courtemanche in the chair:

That it is expedient to introduce a measure to amend the Unemployment Assistance Act so as to remove the threshold provision from the agreements that have been concluded or that may be entered into hereafter; and to make certain changes for the better administration of the act through the deletion of a number of obsolete provisions.

Mr. Pickersgill: I want to say at the outset, Mr. Chairman, that I shall certainly vote for the bill to be based upon this resolution because in the province of Newfoundland, where we certainly have more than the national average of unemployment at the present time and where the system of public assistance for the unemployed is perhaps better than it is in any other part of Canada, this bill will provide a welcome measure of financial assistance to the provincial treasury. It is a welcome measure, and a very badly needed measure. I would have no choice, therefore, as the representative of a constituency in that province, but to support it.

I do think, sir, having said that, there are some criticisms that can properly be made of this particular method of procedure in order to meet the problem. I want to emphasize that this proposed bill will do nothing whatever by itself to help the unemployed. It has only one purpose, and that is to make a contribution from the federal treasury to the treasuries of the provinces or municipalities.

Mr. Monteith: What other purpose could the bill have?

Mr. Pickersgill: I am not suggesting that it has. I am simply pointing out that is the only purpose it does have. I am pointing that out because it is on that premise I want to found the rest of what I have to say about this measure.

It is rather surprising, as the hon. member for Laurier pointed out last evening, that at a conference which was called for the purpose of discussing general fiscal relations between the federal and provincial governments, at a conference about which before it was held it was very difficult for those of us on this side of the house to find out whether any other subjects could be discussed at all, that the only kind of concrete proposal put forward by the federal government was a proposal to do something about a measure that, so far as I have been able to discover, no provincial government has made any specific request in public to have anything done about.

I find it very difficult to reconcile this course of action on the part of the federal government with the so-called new attitude toward the provinces about which the Prime Minister spoke at the opening of the federal-provincial conference on November 25. I am quoting from the official record of the conference and from the Prime Minister's opening observations which, as one would expect in the circumstances, were televised. This is what the Prime Minister said:

> In welcoming you, too, I would point out that you will have noted by this time there is some change in the faces of the occupants of the portfolios of the government of Canada that has taken place in recent months, and I hope, too, that we shall also show a change in philosophy and in outlook to some of the problems facing our country.

It has been said, Mr. Chairman, by the Prime Minister, by other members of the government and by their supporters in this house that the present government had made a great change from the previous government in its attitude toward the provincial governments. It has been charged over and over again that we adopted a take it or leave it attitude and that the present government was going to change all that, that it was going to listen to the provinces; and the implication was that it was going to do what the provinces wanted it to do.

In the first place, Mr. Chairman, I do not think that was a proper description of the attitude of the preceding government. I call to witness—and I think I should put this on the record—one whom I think it would be extremely hard for hon. gentlemen opposite to disavow. I propose to put on the record what Mr. Frost, the premier of Ontario, said about previous conferences under the previous government and the way in which they were conducted. What he said does not support or bear out in any way the kind of criticism that has been made of the attitude of the previous government toward the provincial governments. Mr. Frost was speaking about the present Leader of the Opposition, my right hon. friend the hon. member for Quebec East, and he said:

> Now at this moment in history, because it is a moment of history, when he is no longer chairman of this conference and when he is retiring from his leadership of his party, I would like to express my admiration for him which has been well known and which I have stated here on many other occasions. Of course, like the prime minister of Quebec—

I say "premier".

> —I have disagreed with him in regard to matters of policy but I have never disagreed with him as a personality and as a great Canadian.

This is Mr. Frost whom I am quoting.

> As I say I would like today to again express my appreciation for his ability as chairman over several conferences and meetings and my thanks for his infinite patience which he has invariably shown, for his unfailing courtesy which I think sprang from Mr. St. Laurent himself and from the fact that he was, centrally, a Canadian gentleman and came from that great race one of the attributes of which is courtesy and understanding.

I think it is useful to have on the record this opinion from one who has never been a supporter of my right hon. friend, about the way in which our government conducted its relations with the provinces. To those of us who attended, as I did, at all but a few minutes of the open sessions of the federal-provincial conference—and I make no apology for referring to it as the federal-provincial conference—in November, it was perfectly clear that all the premiers there really came desiring—and that was what they said publicly—to have the central issue discussed; and the central issue, of course, was the apportionment between the federal government and the provincial governments of the tax revenues from the three principal direct taxes which have been the subject of these various discussions between the federal and provincial governments ever since 1945.

When they got there they found that the federal government had no proposals to make, had not even any suggestions to make, had not even any hints as to how this fiscal matter would be dealt with, and that despite repeated attempts by the premiers of Manitoba and Saskatchewan to get from the federal government an admission that the principle of equalization would continue to be applied in any additional apportionment of these taxes, no such commitment could be secured from the Prime Minister or the Minister of Finance.

Mr. Monteith: What has that to do with unemployment assistance?

Mr. Pickersgill: Hon. gentlemen opposite will soon find out if they have the patience to listen.

Mr. Monteith: It will take a great deal of patience.

Mr. Bell (Saint John-Albert): How about the rules of the house?

Some hon. Members: Oh, oh.

Mr. Pickersgill: I shall be very happy to deal with that point. Unlike the hon. member for Saint John-Albert, I do not pose as an expert on the rules. However, it has always been my understanding that the sole reason for having this stage of proceedings, this resolution stage preceding a money bill, is that we should be allowed to discuss whether it is appropriate to have a bill about this particular subject or whether it is appropriate to use that amount of money in some other way. It is precisely to that point that I am addressing myself at the moment.

Mr. Browne (St. John's West): In what other way would you use it?

Mr. Pickersgill: I am coming to that matter if the hon. gentleman, the minister without portfolio, who must find it very hard to do so, will possess his soul in patience a little longer.

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

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pickersgill: Mr. Chairman, when we adjourned for the luncheon interval I was being interrupted by hon. gentlemen opposite who wanted to know what was the relationship between what I was saying and the proposed measure. As I said, the only thing this proposed measure does is that it puts a certain amount, or it will put a certain amount, of additional money collected from the taxpayers of Canada into the treasuries of the provinces and the municipalities of this country.

As I said at the outset I am of the opinion, speaking as a representative of a province which very badly needs this money, that I have no choice but to support the measure. But I would point out, as I was also saying, that I am supporting it without enthusiasm, because it is such an inadequate substitute for what the members of this house and the people of Canada generally were led to expect they would get from this government in its relations with the provincial governments before June 10, and even after.

Mr. Browne (St. John's West): They are getting more than that.

Mr. Pickersgill: Well, there is no evidence whatsoever of that. There is nothing on the order paper that has been brought to the attention of this house which would indicate that there is anything else to expect. I know the hon. gentlemen opposite prefer to announce their policies elsewhere than in this house, but until such policies are announced in this house it is very hard for us in our deliberations to take them very seriously.

The federal-provincial conference, as I shall continue to call it, was convoked for the purpose of discussing general fiscal relations between the federal and provincial governments; at least that is what the premiers were told. The country expected many serious things to come of this conference, but instead at the opening we had the Prime Minister making this statement about the matter which is now before the committee, and I shall quote from the official record of the conference for Monday, November 25, at page C-3:

> That brings me to a question that has been discussed on a number of occasions—the request of some provinces for the removal of the so-called "threshold" of .45 per cent under the Unemployment Assistance Act. Its removal would have the result that the dominion treasury would share the costs of all eligible cases upon the relief rolls—whether employable or unemployable—and not just the numbers in excess of .45 per cent of the provincial population. We should then be avoiding entirely this invidious distinction between employable and unemployable persons and sharing the costs of providing aid to all those in need, apart from the normal statutory responsibilities of the provinces in respect of mothers' allowances.
>
> I am told that a change of this nature would make it much easier for some suitable arrangements to be made to assist their municipalities which have been carrying most of this burden of assistance to those in need, apart of course from the bulk of the cost being carried by unemployment insurance. The benefits of removing this "threshold" would be fairly equitably divided among all the provinces that would be participating in agreements under this act, and we see no serious obstacle to meeting your wishes in this regard.

I find this a very very puzzling statement. As I say, there is nothing I have been able to find in the records anywhere to suggest that any provincial governments were seriously concerned about the removal of this threshold, and I think I might perhaps remind you, sir, and the members of this committee that this threshold was there precisely to avoid the invidious distinction to which the Prime Minister refers, between the employable and unemployable person.

For no other reason was it put there. It was put there on the assumption, and a quite sensible assumption it was too, that the .45 per cent of the provincial population represented an average of the cases of public charity and assistance to the normally unemployable who have always been regarded, ever since confederation, as a provincial responsibility. The federal government has never taken any responsibility for that group, and it was in order to preserve that constitutional distinction without creating any hardship to individuals that my right hon. friend devised, recommended and persuaded this parliament to enact the present legislation.

I therefore suggest, sir, that my hon. friend the member for Laurier was perfectly right last night when he said that in removing this threshold all the government is doing is making an invasion of provincial rights and taking a very big step toward centralization, against which they have preached—I was going to say so hypocritically, but I suppose that would be unparliamentary—

Mr. Browne (St. John's West): Would my hon. friend allow a question? Would he say that the introduction of old age pensions and pensions for the blind and disabled was an invasion of provincial rights?

Mr. Pickersgill: No, sir, because originally old age pensions were simply a sharing arrangement between the federal and provincial governments, and before the field of old age security was taken over by this government a constitutional amendment was made. Once that amendment was made there could be no question of any invasion of provincial rights.

I do not say this is an action which necessarily should be condemned, that is assistance to the provinces with respect to some of these obligations. I do not say that at all, but I do say it is contrary to the professions of hon. gentlemen opposite when they sat over here. That is all the hon. member for Laurier said last night and that is all I am saying now.

I have one or two other things I would like to say about this proposed measure. In the first place, I would ask the minister when he speaks again if he would tell us whether this proposed measure meets the objections voiced by the premier of Manitoba at the conference. So far as I have been able to find from the published record, the premier of Manitoba was the only premier who had suggestions to make about this matter and I presume that following the attitude, the new attitude of listening which the present government claims to have adopted, all Mr. Campbell's objections will have been met in this legislation.

An hon. Member: Are you referring to the outgoing premier of Manitoba?

Mr. Pickersgill: Or if Mr. Campbell's objections have not been met, is this a straight take it or leave it proposition? I would like the minister to give us an answer to that when he speaks again.

Mr. Chevrier: It looks like it.

Mr. Pickersgill: But what I am most particularly anxious to say is that this proposed measure, at best, is a very poor second best. It is a tiny nibble at a problem which hon. gentlemen opposite, when they were campaigning for votes, said would be their first concern when they got into office. I am not going to take the red book and take the time of the house to read all his statements, although I would be glad to point out such statements to the hon. gentlemen if they wish, but the Prime Minister said over and over again that the first thing he was going to do was call a conference to bring about a new deal with the provinces in order to give them a larger share of the revenues from these large tax fields.

All we get after six months is this pitiful little measure, the benefits of which the Prime Minister says will be distributed fairly equitably across Canada. I wonder. The two most populous provinces have not made agreements; they do not benefit at all under this bill, and there are two other provinces which do not have agreements. I think the minister ought to tell us before we proceed further with this matter whether all the provinces have now agreed—

Mr. Monteith: I will tell you the exact situation on second reading.

Mr. Pickersgill: I assume the minister will take his usual attitude that we are not entitled to any information at all.

Mr. Monteith: I said I would tell you.

Mr. Pickersgill: The minister does not seem to realize that a minister of the crown is a member of the government. Every time we ask him a question about policy he says, "This is a matter of government policy, and I do not dare to tell you about it". We are getting a little tired of this one-man government here in the house. We would like to see some of the ministers over there possessing enough courage and initiative to take a little responsibility on their shoulders as members of the government.

Mr. Bell (Carleton): We are getting a little tired of this speech, too.

Mr. Pickersgill: The hon. gentleman does not like the speech. I am not awfully surprised, because the hon. gentleman is, I think, rather fonder of the sound of his own voice than that of others.

Mr. Bell (Carleton): That is one thing in which I may resemble the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Well, I should like to get on with my speech. I think that would be more productive than any exchange with the hon. member for Carleton, amusing though it might be for him.

I want to say one or two things about what was said last night by the hon. member for Nanaimo, because he did deal with a very serious problem and one which all of us in this house are going to have to face as a result of the increasing unemployment we are bound to have during the next few months; that is, the whole question of responsibility for unemployment assistance. In saying something about this I should like to correct the impression—not to correct the facts, because I think the hon. gentleman's facts were perfectly correct—but to correct the impression he gave in the course of the recital of certain facts last evening.

The first thing the hon. gentleman said to which I take some exception was that in 1937, at the time the Rowell-Sirois commission was appointed, the provinces enjoyed revenues from personal income and corporation taxes. That seemed to imply that they do not have them now. That is not true at all. The fact is that the revenue which the provinces derive from these tax fields is manifestly greater today than it was in 1937, and a very large part of this revenue comes in the form of equalization payments, the purpose of which is to put the provinces and the provincial treasuries in a position to discharge their responsibility for themselves; and it seems to me that this principle of equalization which has been imported into our federal-provincial relations since 1945 does change the whole picture in respect to this matter.

I am not saying for one moment that this necessarily means there may not be situations arise in which parliament should assume full responsibility for unemployment assistance. I do not think, however, that any government with any sense of responsibility would undertake the financial burden of unemployment assistance in full unless it also undertook the administration. I should be very surprised if any government, even a government as reckless as the one we have at the present time, would undertake such a course of action. That, of course, would involve a very much greater degree of centralization than we in this party have been willing to embark upon.

I consider that though this measure will certainly be welcomed, I imagine, by every provincial treasurer whose government has made an agreement with the federal government, it would have been much more welcome to most of them if the government had gone ahead with what it promised to do before the election and produced the new fiscal deal which it promised.

Mr. Monteith: It will.

Mr. Pickersgill: If it had done so the provinces would already be in a position to do something on their own, not merely to pay unemployment assistance but also to get on with a good many useful and badly needed works—and I can certainly speak about the province of Newfoundland—which would have the effect of diminishing the amount of unemployment.

Mr. Martin (Timmins): Mr. Chairman, we have to go back some considerable time in our history before we reach a period similar to that through which our country is passing today. I think my colleague the hon. member for Nanaimo yesterday gave a very clear illustration of the situation when Canada was faced with problems similar to those which confront us now. He made reference to the setting up of the Rowell-Sirois commission which dealt particularly with this question of unemployment, the subject matter of the present bill. As I understand the report of that commission, it was suggested that responsibility for the unemployed of this country should be divided in the following manner, namely that the provinces should accept full responsibility for the unemployable—people physically unable to work—while the federal government should accept responsibility for unemployed employables.

Mr. Chairman, I wonder what is the use of going to the expense of setting up these royal commissions to devote great care to the study of these questions when the recommendations which are finally made are not acted upon. Two or three royal commissions have been set up this session by this government to consider various problems. If the recommendations of these commissions are not going to be acted upon any more than the recommendations of the Rowell-Sirois commission, it would seem to me a waste of time and money to keep them sitting.

Let us consider this question of responsibility and the recommendations of the Rowell-Sirois commission. The whole matter puts me in mind of the old story of the

constitution of horse and rabbit stew in the armed forces canteen. Under this recipe one horse equalled one rabbit. Under the terms of the commission's recommendation the rabbit would be the responsibility of the province—the relatively small number unable to work. The horse—in this case a situation such as we are fast approaching, namely a terrific number of unemployed people—would be the responsibility of the federal government. But now, instead of each accepting his share, we find that the federal government is proposing to share the cost. In other words they will pay for half the rabbit, but they want the province to look after half their horse.

Moreover, I see that the division of responsibility in the old days of the depression was supposed to be on a 40-40-20 basis, the 20 per cent being paid by the municipalities, and I also note that under this new offer from the federal government to raise its proportion by 10 per cent, my own province of Ontario has decreased its contribution from 40 to 30 per cent.

That is the proposition. In other words it is a straight transfer of 10 per cent from the Ontario government to the federal government. That certainly is not going to aid the municipalities. I think we have had it amply demonstrated to us in the past that the municipalities are completely and physically unable to cope with the situation of unemployment. The municipal governments do not have the sources of revenue in their taxation fields which would allow them to meet this situation in any way, shape or form.

Further than that, there is very little the municipalities can do to change the policies or lack of policies that cause these periods of unemployment from time to time. I believe that responsibility rests with the federal government, and in cases like this it should accept that responsibility. If it cannot ensure that we will not have these blights of unemployment every so often in our country, at least it should do something to lift the load from the provincial governments and certainly from the municipal governments.

I have here the latest figures for unemployment I could find, prepared as of November 14, 1957. This table gives the unemployment picture for Canada as a whole and breaks it down by provinces and even by regions. I have not found this too satisfactory, at least on the local basis. I do not know just in what region my constituency would fall according to the regional breakdown in this table. The closest area I can see geographically is the region of Sudbury, which is stated to have 2,736 unemployed at the present time.

[Mr. Martin (Timmins).]

As president of the Timmins Cochrane and district labour council I have had occasion to see just what the situation is in my locality. Local 2995 of the lumber and sawmill workers union is the bargaining agent for the bush workers, log cutters and other similar workers in the northern area. Normally at this time it has between 7,000 and 8,000 dues paying members in the local. Last week the figure was down to 1,200, I believe. I don't know where the balance of these people totalling approximately 6,000 are listed on this table. Perhaps they are listed in some other locality according to this breakdown; either that or my region is not listed at all.

Certainly those 6,000 people in that area will be absolutely beyond the means of the municipality to help. I think the story is pretty much the same across the country. The municipal governments are in desperate straits trying to meet the present calls on their resources, and certainly are unable to meet any new situations such as the one confronting us at the present time.

There is another point I would like to raise at this time. The figures to which I referred represent a list of the unemployed in Canada. I presume it shows merely the total number of people who are unemployed, those who might be described as wage earners. I wonder if this table takes into account the members of their families. Do these figures account for just the head of the family, the wage earner? If we also take into consideration the number of dependants of each of these unemployed, then on the basis of these figures there would be in the neighbourhood of one and a half million who can expect to experience a pretty bleak Christmas this year.

We have seen at lot of activity in the country to the south of us and more recently in this country on the part of certain groups who are aggressively advocating what they term as right to work laws. Anyone familiar with the trade union movement realizes full well that these are not right to work laws at all. Rather they are the right to go through picket lines, the right to refuse to participate in union shops and closed shops; in other words the right to try to undermine all the union security that presently exists in this country. I believe in right to work laws, but I believe these words should be taken for just what they say. I believe that each of these 352,000 unemployed people—and I understand this figure has increased tremendously in the past month because, as I said, these are the figures for November, 1957—has a right to work.

Even if this bill is improved beyond its present terms it certainly is not going to be

a solution to the unemployment problem. There is only one solution to unemployment and that is employment. I maintain that if half the effort, time and ingenuity that in the past have gone into this buck passing among the federal, provincial and municipal governments in trying to decide who is responsible for these unemployed people had been put into making jobs available for them, we certainly would not be faced with the unemployment problem that confronts us today.

I do not know how many hon. members have been in the position of some of these unemployed. I do not know if they realize just how demoralizing it can be to a man who is willing and able to work but who cannot find a job, when he sees his wife and family depending on him and through no fault of his own he is unable to provide a living for them. It is certainly an extremely demoralizing experience. There can be no doubt but that he would tend to lose faith not only in our way of life and the system under which we operate, but would also become highly fertile ground for the spread of the dread disease of communism. I believe it is in fields like this that communists can spread their propaganda in the world today.

In drawing my remarks to a close I would like to add one point. If this government feels it is helpless to meet this emergency any better than it has been met in the past with all the resources at its disposal in this nation, then how in the world can the government expect the municipalities and provinces and in the final analysis the wage earning head of the family with the limited resources at his disposal—his only resource being his ability to work, which is denied him when he is unemployed—to meet the situation?

Mr. Brown (Essex West): Mr. Chairman, I had not expected to take up the time of the committee in an attempt to hold up this measure because I think it is most desirable, but the unemployment situation in my constituency is such that I should like to call upon the government to give whatever assistance is possible. When I picked up my morning paper, the Windsor *Daily Star*, I noted that as of December 5, 1957, there were 14,052 people unemployed. I trust that the word "unemployed" is not unparliamentary. In some circles it is felt that it is a word which should not be used, but being an old-fashioned person I think we should describe a situation by the word that conveys the proper connotation and meaning.

As I said, there were 14,052 persons unemployed as of December 5. These for the most part are middle class people, hard working, conscientious, honest and industrious. They are just the average type of citizen one finds throughout the length and breadth of this country. Many of them are expert mechanics or craftsmen who were employed in the automobile factories and its feeder plants in the city. These people are not anxious to be in this situation; they are people who deplore the situation and are most anxious to help themselves as much as possible.

For that reason they are looking for assistance to provide an atmosphere wherein industry may thrive and business may be carried on successfully and profitably. They are asking for an atmosphere where there is some measure of security and assurance. We have many projects through which work could be provided. It is not to their liking to be accepting unemployment insurance, although it is theirs as of right; it is insurance they have bought and paid for. But it is not the natural state of man to be unemployed and inactive. For that reason these people are most anxious to be working, to be doing things and taking part in production and the building up of the country.

There are many projects which could be used properly by the government to advance the welfare of the country as a whole. I suggest the construction of highways. In my constituency we would also like to have a post office built at one place, and it has been in the planning stage for a considerable time. I note that recently the Minister of Public Works decided he would proceed with the project. Ever since the opening day of the session I have been pressing him to get along with it. Apparently it could not be done until just recently, but I understand he has now decided he can proceed with the work expeditiously. For this I congratulate him, and I hope he will make good his promise and see that the construction of this building is proceeded with promptly.

There are many other projects of a semi if not wholly national aspect. A sewage disposal plant is needed for sewage going into international waters. The municipality cannot hope to complete it because it involves an expenditure of at least $25 million to $30 million. If it is not proceeded with considerable hardship will be created for the people in that community. We are also building an auditorium and we would like some assistance there if it could be arranged. I realize that the building of an auditorium is not necessarily a national project, but there are precedents in regard to other projects throughout the country which are not of a national character.

I refer particularly to the policy of the government announced yesterday by the Minister of Justice, whereby assistance is

to be given to the people of a particular mining community and the sum of $16,000 a month is to be expended from the federal treasury to help maintain them. Therefore I make a particular plea on behalf of the 14,000 people in my constituency who are unemployed at the present time. That number may be increased very shortly because of declining conditions, and I urge the government to follow the precedent they have set by providing assistance through work and the promotion and development of the assets of this country.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, this legislation will provide some additional funds for some of the provincial treasuries of the country and will be of at least a little assistance with regard to the unemployment situation. Therefore we shall support the legislation. I confess, however, that we do not intend to wax very eloquent about it, because no one can claim that it is a major piece of legislation.

I have taken the trouble to read through the debate on unemployment that took place in the house starting on March 2, 1955, on an amendment to the motion to go into supply moved by the present Secretary of State. I have also read the debate that took place in 1956 when the Unemployment Assistance Act was put on the statute books, and the things the Tories called for in those two debates by way of an attack on the problem of unemployment were a lot more than is suggested by the measure now being presented to the house.

I also want to agree with one or two things the hon. member for Bonavista-Twillingate said. I will make it clear shortly that I disagree with some of his comments. I agree with him that this measure is a poor substitute for the improvement in federal provincial fiscal arrangements that we were led to believe would be undertaken early in the regime of the new Prime Minister. Some hon. members opposite complained when the hon. member for Bonavista-Twillingate raised this question, but the fact is that we were led to believe that something would be done with regard to federal-provincial fiscal arrangements, and so far only two or three little things like this have reached the light of day. We have to accept them as the moves the government is making in that direction, but this little move is a very poor substitute for real improvement in federal-provincial fiscal arrangements.

It is also a poor substitute for an assurance from the government that the principle of equalization will be maintained in those arrangements. I come from one of two provinces, Manitoba and Saskatchewan, where the governments and the people are deeply concerned lest the direction in which federal-provincial fiscal arrangements seem to be going may mean the losing of that equalization principle to the detriment of the economic position of those two provinces. I confess that that is a larger subject of which this is only a small part, but on behalf of the people of those two provinces, indeed on behalf of the people of Canada as a whole, on behalf of national unity, I urge that the equalization principle be maintained in federal-provincial fiscal arrangements.

This measure is not only a poor substitute for a larger measure of improvement in federal-provincial fiscal arrangements; it is also a poor substitute for what has been talked about for many years with regard to federal responsibility for the employable unemployed. When I say this has been talked about for many years, I want to make it clear it has been advocated in years gone by both by Liberals and by Conservatives. The hon. member for Bonavista-Twillingate suggested that certain changes had taken place in the meantime, and I will come to those in a few moments.

First of all may I remind him, and Liberals generally, that the position of the Liberals for many years was that the responsibility for the employable unemployed should rest with the federal government. In that connection I was rather amazed last night to hear the hon. member for Laurier say this, as recorded at page 2572 of *Hansard* for December 18, 1957:

> Since the federal-provincial conferences of 1945 and 1946 it has been customary to make a distinction between employable and unemployable unemployed, and in recent years the federal government has offered to participate with the provinces in the cost of assistance to employable unemployed not receiving unemployment insurance benefits.

I emphasize that the hon. member said that the former government, during recent years, had been offering to participate with the provinces in these costs. May I remind him, the hon. member for Bonavista-Twillingate, and other Liberals that in line with the recommendations of the Rowell-Sirois commission the former Liberal government, at the federal-provincial conference of 1945, made it clear that it believed not just in participating with the provinces but in full federal responsibility for the employable unemployed.

I hold in my hand a copy of one of the green books prepared in connection with that conference. It is the one entitled "Proposals of the Government of Canada", and starting

on page 42 there is a section under the heading "Unemployment Assistance". I read one or two sentences:

> The dominion government in its statement on employment and income, announced that the maintenance of a high level of employment and income was "a primary object of policy".

In other words the federal government admitted responsibility for something we claim is a federal responsibility, that is the level of employment itself. One of the reasons that the federal government, in our view, must not try to pass the responsibility for the maintenance of employable unemployed to the provinces is because it is primarily a federal responsibility as to whether or not our economic situation will be such that there will be a high level of employment. I submit that was implied in the position taken at the 1945 federal-provincial conference by the then federal government, and it is implied in the sentence I have just read.

I go farther down on the same page and there are these words:

> The dominion is therefore accompanying its proposal for general acceptance of responsibility—

That is responsibility for the employable unemployed.

> —with a concrete plan for its implementation in the field of assistance for employable unemployed persons.

Over on page 43, amongst other details that are spelled out, there is this paragraph:

> (d) The plan proposes acceptance of dominion responsibility for unemployed employables and provincial and local responsibility for unemployables, but it is recognized that this division presents problems of definition in some individual cases, and that in operating practice the only final test of employability is ability to get and hold a job.

It is quite true that later in the story the former prime minister sought to deal with the problem as to how you draw the line between employable and unemployable by this .45 per cent formula, but even the devising of that formula did not detract from the position taken by the Liberals in 1945 that the responsibility for the employable unemployed rests with the federal government.

Mr. Pickersgill: Would the hon. gentleman permit a question? I am quite sure he wants to be completely fair about this. Is it not true that this offer to assume responsibility for assistance to the employable unemployed was part of a package deal, and was never offered in any other way? This was turned down by certain of the provinces, and as a result the tax rental payments, as they were then called, were substantially increased because it had not been possible to get agreement.

Mr. Knowles (Winnipeg North Centre): It is correct that the proposals made in 1945 were part of a package deal, and because that conference blew up we did not get the package. Across the years we have managed to get out of this and former governments some of the elements that were in that package such as improvements in old age pensions; the beginning of a health grants program; the beginning of a hospital insurance program, and so on.

The hon. member for Bonavista-Twillingate says we have a different situation in that we now have equalization payments. I submit that that is essentially a part of the financial aspect of the package of 1945, and that the change the hon. member says has taken place does not change the basic fact which the Liberals accepted in 1945, namely that the central government is the government that is mainly responsible for those policies that determine the level of economic activity in the country.

Mr. Pickersgill: We never denied that.

Mr. Knowles (Winnipeg North Centre): I am glad to hear the hon. member's statement. I take it he will agree with me that it is still the case, and that being the case we contend that if the central government, which is primarily responsible for economic policies, tries to push responsibility for the maintenance of the employable unemployed on to the provinces it is shirking something which is the responsibility of the central government. If the federal government is going to get out from under, either the former government or the new government, the consequences of policies that create unemployment, it is not going to be under the same impetus to maintain policies that will provide full employment as it would if it were faced with its full responsibilities in that field.

Along with these equalization payments which the hon. member for Bonavista-Twillingate and I hope will be continued, there have come increased responsibilities so far as the provinces are concerned in all the fields of social security and social welfare. I submit that none of the changes to which the hon. member referred alter the basic picture that was so well set out in the green book proposals of 1945, which were based on the studies of the Rowell-Sirois commission a few years earlier. It is our view, therefore, that the country is being let down in connection with the proposal for 100 per cent federal responsibility for employable unemployed, because that was not implemented by the government that went out of office on June 21 and it is not being implemented by the government that is now in power.

It has been a matter of interest to me in reading the green book proposals and the debates that took place in 1945, as well as in reading the debate on unemployment insurance in 1940, to notice the way in which the view was expressed that we should deal with this matter before the situation became serious. We are heading into a situation that is very serious right now, with unemployment just about 5 per cent of the working force. That was the picture in the middle of November, and it is probably over 5 per cent of the working force now.

We think it is a sorry picture with whatever government is in power, Liberal or Conservative, that this principle of 100 per cent federal responsibility for the employable unemployed seems to be forgotten.

I suggest that the Liberals have put themselves in a rather strange position in this debate yesterday and today. First of all there is this contrast between the readiness to assume 100 per cent of this responsibility back in 1945 and the position taken by the hon. member for Laurier and the hon. member for Bonavista-Twillingate in this debate, that the 50 per cent share is adequate under what they refer to as the changed conditions.

I think it is also very interesting to notice the difference in the points of view expressed by the hon. member for Laurier and the hon. member for Bonavista-Twillingate. The hon. member for Bonavista-Twillingate I think in the very first paragraph of his speech said that he would be voting for the bill. The hon. member for Laurier last night characterized the bill as an invasion of a provincial right. He pointed out that to his amazement even Mr. Duplessis was supporting this invasion, this move in the direction of centralization. In other words, after I listened to what the hon. member for Laurier said last night and after I read again this morning the record of what he said, it seemed to me to be fairly clear that he has no alternative but to vote against the measure. He says it is centralization.

Mr. Pickersgill: So did I.

Mr. Knowles (Winnipeg North Centre): So does my hon. friend the history teacher. It looks to me as though my hon. friend is not only a former teacher of history but that he is trying to turn back the pages of history, trying to get back to the position of 90 years ago when it was the Conservatives who wanted a strong central government and the Liberals who were the advocates of provincial rights.

Mr. Pickersgill: And have been ever since.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): And have been ever since, says my history teacher friend the hon. member for Bonavista-Twillingate. When he talks about history, I think of the old days in United College.

Mr. Pickersgill: Apparently my lectures were not as good as they should have been.

Mr. Knowles (Winnipeg North Centre): I am sorry, but I did not have the advantage of taking lectures given by the hon. member when he was a professor at United College. My conversations with him were out in the halls. It seems to me that what the Liberals are trying to do is turn back the pages of history. If that is their position with respect to this bill, that they are against it because it is a form of centralization, because it is invading a field that is a matter of provincial rights, I hope those who take that view will vote accordingly if a vote is called on this measure.

But not only is the position of the Liberals a strange one; so is the position of my hon. friends on the other side of the house, the Conservatives. I imagine that one of these days the people who make up the *Hansard* index will get a new heading for some of my speeches, namely "A Plague on Both Your Houses", and it would be appropriate.

An hon. Member: Just "A Plague".

Mr. Knowles (Winnipeg North Centre): I have read with interest the debate on the Unemployment Assistance Act when it was put on the statute books in 1956. The chief spokesman for the Progressive Conservatives, who were then in opposition, was the hon. lady who is now the Secretary of State. Let me give one or two quotations from the hon. lady just in order to show the tone of that debate. On June 28, 1956, as recorded at page 5573 of *Hansard* of that date, she said:

> No, Mr. Chairman. We were very happy to cooperate with the minister last evening and again today in trying to get this bill through the house for the reasons which he explained to us. But I would think if the minister wants to get this bill through the house, he jolly well had better quit making political speeches.

The minister to whom she was referring there, of course, was the hon. member for Essex East. Then at another point the hon. lady said:

> I tell the minister to cut out this nonsense. I tell him either to lay no claim to these false virtues or else put in the act something which will actually give the provinces the thing which he claims he is giving here and which he is not giving.

Those two quotations represent faithfully the character of the debate that took place on that occasion, during which the present Secretary of State and others complained that the Liberals who were then in power had

scuttled their 1945 green book proposals. The hon. member for Hamilton West complained that this measure, this Unemployment Assistance Act, was not providing for federal responsibility to the extent of 100 per cent for the employable unemployed, and she quoted from the green book proposals of 1945 and condemned the Liberals out of hand for having put those proposals on the shelf. She complained also that even this 50 per cent of assistance that the federal government was prepared to give for those over the .45 per cent threshold was not all it was cracked up to be because administration costs, health and hospital costs and that sort of thing were still left either to the provinces or the municipalities.

Hence the whole story of that debate in 1956, so far as the case made by the Conservatives was concerned, was that this measure did not go far enough. Their whole point was that the Liberals should still come through with their 1945 promise for 100 per cent federal responsibility for the employable unemployed. The hon. lady and her colleagues are now on the government side of the house. They can carry out the Liberals' promises which they condemned the Liberals for not carrying out. But are they doing so? No; they are bringing in a bill which the hon. member for Timmins has characterized so well by his reference to the horse and the rabbit. They are bringing in a bill which makes no change in the percentage that Ottawa puts up so far as the employable unemployed are concerned. All they give by way of an improvement is the offer that the federal government will pay 50 per cent of the relief costs of the unemployable unemployed, those who are now excluded by that threshold formula. It seems to me that if the Liberals look strange in the stand they are taking on this bill, the Conservatives look equally strange.

We think the Rowell-Sirois commission, to which a distinguished member of this house rendered great service during the days when that commission met, and those who prepared the green book proposals of 1945 laid before the country some very sensible, tangible and constructive policies so far as unemployment is concerned. We still think those proposals should be carried out and that this government should not ask us to get enthusiastic about this bill which merely removes that threshold but which still leaves, to use the words of the Secretary of State, the provinces and the municipalities having to carry not just 50 per cent of the load so far as the employable unemployed are concerned but more than 50 per cent, because of their responsibility for administration costs, for health and hospital costs and so on.

I indicated a moment ago that I had done some reading of bygone debates with reference to this matter. One of the debates that interested me a great deal was the debate in 1940 when the Unemployment Insurance Act was first put upon the statute books. Many of those who took part in that debate are no longer with us, but one hon. gentleman is. I refer to the hon. member for Essex East. He welcomed the introduction by the government of which he was a supporter of the unemployment insurance scheme, but he wanted it to be made crystal clear that unemployment insurance by itself was not enough, was not all that the federal government should be doing. On July 19, 1940, as recorded at page 1777 of *Hansard*, the then hon. member for Essex East, who again is just the hon. member for Essex East, had this to say:

> No unemployment insurance scheme in any part of the world has yet been able to operate without calling from time to time upon the national exchequer for further assistance, and for us to assume today that there will in the course of time be no further demands upon the treasury is, I think, not to face realities.

Then over on page 1778 he continued that theme by saying:

> This legislation, as far as I can see, does not envisage all the possibilities, and it falls short of adequate consideration of what the perfected legislation in England has taken into consideration, namely, that during a period of prolonged depression, or during a period such as the present when the depression is certainly less acute, unemployment insurance in itself is not sufficient to meet the needs presented by a situation of that sort and must be related to the question of unemployment relief, to the question of the rehabilitation of labour, and to such questions as national health insurance and the like. All these matters are part of a composite scheme—

Another package I might say to the hon. member for Bonavista-Twillingate.

> —and consequently when the hon. gentleman said that he agreed with my interjection as to the impossibility of unemployment insurance ever doing away with relief, he concurs, I take it, in the view that unemployment insurance and unemployment assistance or unemployment relief must go hand in hand.

There was a recognition in this by the hon. member for Essex East way back in 1940 that if the federal government is going to concern itself with unemployment it cannot stop just with unemployment insurance; it has to concern itself with unemployment assistance as well and with all these other matters that are part of a composite scheme.

I would suggest Mr. Chairman, that this is of a piece with the position that the Liberals took back in 1945 and which the Conservatives tried to get the Liberals to take in 1956, that responsibility for employable unemployed should rest with the federal government.

Now to come back to the point I made in answer to my hon. friend from Newfoundland a little while ago, that the basic fact about all this—and he agrees with me—is that it is the central government that is primarily responsible for the economic policies in this country and it is the central government whose policies determine whether we will have a high or a low level of employment, we contend very strongly that that being the case, the central government should be responsible for the consequences of those policies. You do not carry out that responsibility by passing 50 per cent of the cost of looking after the employable unemployed to the provinces. We contend therefore that the Rowell-Sirois commission was right; we contend that the Liberals were right in their green book proposals; we contend that the hon. member for Essex East was right when he was speaking on unemployment insurance in 1940; we contend that the Secretary of State was right when, in 1956, she called on the Liberal government to stand by this principle which had been laid down across the years, that the responsibility for employable unemployed should rest 100 per cent with the federal government.

Mr. Monteith: Mr. Chairman, I might just say a few words in response to some of the matters which have been mentioned during the course of the debate in the committee stage.

I would like to thank the hon. member for Okanagan-Revelstoke for his unqualified support of the bill. I am going to leave any discussion of the unemployment situation until the labour estimates are before the house. Actually there was a discussion on unemployment a couple of weeks ago and I do not think any purpose can be served in forwarding the cause of this bill by my making remarks on that particular point at the moment.

As I said in my opening statement, the purpose of this legislation is to extend the amount of aid now given to the provinces under the Unemployment Assistance Act so that it will henceforth cover all needy persons in receipt of assistance, whether employable or unemployable. I propose to place on the record some statistics at this time which will show the relative burdens carried by the various levels of government with respect to unemployment. Have I the permission of the house to put these figures on *Hansard*?

Some hon. Members: Agreed.

Mr. Monteith: The table follows:

COMPARATIVE TABLE—EXPENDITURES RELATING TO UNEMPLOYMENT

	Municipal Relief	Provincial Relief	Unemployment Insurance Benefits	Unemployment Assistance (federal share)
		(Millions of Dollars)		
1941-42	$5.4	$10.3	$ .03	
1942-43	3.3	5.3	.7	
1943-44	2.6	3.7	1.7	
1944-45	3.2	3.4	5.0	
1945-46	2.7	3.8	32.0	
1946-47	3.2	4.9	43.1	
1947-48	3.6	6.4	34.9	
1948-49	4.1	6.9	49.8	
1949-50	5.5	13.3	85.8	
1950-51	5.9	11.8	90.0	
1951-52	6.8	12.9	90.2	
1952-53	6.4	10.8	135.8	
1953-54	6.4	11.9	186.9	
1954-55	7.2	15.2	257.6	
1955-56	8.2*	17.0	215.2	$3.8
1956-57	8.3*	16.2*	231.3	$4.1

*Estimated.

If the hon. members will examine the statistics they will agree that after the passage of this legislation which is now proposed the residual load which will be left to the provinces and municipalities will be of very small proportion indeed. I might just mention the estimated figures for 1956-1957. Expenditures relating to unemployment on the municipal level is $8.3 million, estimated; provincial $16.2 million, estimated. Unemployment insurance benefits $231.3 million, and unemployment assistance, federal share, $4.1 million.

Mr. Barnett: I wonder if the minister has an extra copy of the table available.

Mr. Monteith: I am sorry that I did not have more copies made but I will be pleased to send my own copy over to the hon. member. There was a statement made by the hon. member for Timmins. I am sorry I did not quite get the full import of what he said, but

it struck me that he implied there was only a reduction of 10 per cent in the municipal load as a result of this legislation. I am not sure whether or not that is what he said, but I would like to point out that in Ontario at any rate there is going to be a decrease in the municipal share from 40 to 20 per cent, which is a 50 per cent decrease.

Mr. Pickersgill: Would the minister permit a question? I take it that implies that there is an agreement expected with Ontario, because there is no agreement, as I understand it, under the present legislation.

Mr. Monteith: I mentioned to the hon. gentleman that I would tell him all about that on the second reading. However, I will be quite frank about it and say there is an agreement expected from Ontario.

Mr. Pickersgill: Well I think the minister will admit, in fairness to the committee, that if he is going to talk about what is going to happen in Ontario he might let us in on the secret.

Mr. Monteith: Well you are in on the secret now. There is one expected from Ontario. The hon. member for Bonavista-Twillingate mentioned several things at great length but I think all I need do is point out that nothing really could meet all the objections voiced by the premier of Manitoba. I am quite convinced of that. All his demands total something like $950 million if I recall the estimate.

Mr. Pickersgill: I think the minister completely misunderstood what I was saying. The premier of Manitoba had certain objections to the existing legislation with respect to unemployment assistance and that is what I was referring to, not to his general proposals at all.

Mr. Monteith: Might I point out, Mr. Chairman, that there has actually been one situation which has been cleaned up and which has been hanging fire since the previous government was in office. That is that Mr. Bend of Manitoba and myself have ironed out, to our mutual satisfaction, differences concerning the operation of this act.

Mr. Knowles (Winnipeg North Centre): Would you let us in on that secret too?

Mr. Monteith: It is a matter of interpretation of what is subject to unemployment assistance. There were some cases disputed—a certain type of case—because of the way the legislation is drawn up, and because of the way the estimates were drawn by the province of Manitoba, which were disallowed by the previous government. We have undertaken to allow some of those, having taken the interpretation they should be allowed.

Mr. Pickersgill: Should not the committee be told, since this is going to involve a further charge on the taxpayers, precisely what the hon. gentleman ironed out with the minister from Manitoba?

Mr. Monteith: Yes, I have no objections to telling the hon. member, unless he has already contacted the Hon. Mr. Bend and found out on his own, which he could always do.

Mr. Pickersgill: Surely, sir, on a question of privilege, we are entitled to information in this house without any kind of insinuation about relations we have outside.

Mr. Monteith: Mr. Chairman, I will be glad when we get into the committee on second reading to give the exact picture and I will get a report on the proper designation of the classes involved. I do not take this to be any particular insinuation, Mr. Chairman, but I think, in so far as the reference to the speech of the hon. member for Bonavista-Twillingate goes, it might well be described in the words of Sir Winston Churchill who is reported to have said in somewhat similar circumstances: "there is a difference between taking time and infringing on eternity."

Mr. Pickersgill: I did not take the whole 30 minutes.

Mr. Monteith: As far as the speech made by the hon. member for Laurier is concerned, from what he said last night I gather he is opposed to the abolition of the threshold and that his reason for this is that he considers that the federal government in abolishing the threshold is somehow invading the last preserve of provincial jurisdiction. I may say I do not see how he arrives at that conclusion. This proposal represents no fundamentally new departure from the legislation introduced by the previous administration. The effect of the proposal to abolish the threshold is simply to deal more generously with the provinces in the sharing of assistance than the former administration was prepared to do. We are not proposing, as the hon. member for Laurier appears to think, to enter for the first time the field of aid to unemployables. If the hon. gentleman has any doubts on this score he should read what was said by his colleague the former minister of national health and welfare when the unemployment assistance measure was adopted in June, 1956. It is quite clear that ever since its passage unemployment assistance was provided for needy employables and needy unemployables alike, no distinction being made between these two groups.

Mr. Chevrier: May I ask the minister a question? Does the minister take the view that this matter in no way invades provincial rights.

Mr. Monteith: I will just finish this statement, Mr. Chairman. It certainly does not invade them any more than many measures which the government of the hon. gentleman brought into being.

Mr. Chevrier: That was not the question. If I might repeat it to the minister, it was this: does he deny that this measure does not in any way invade provincial rights?

Mr. Monteith: I take the view that this measure is acceptable to the provinces. The hon. member seems to have in mind that the unemployables have always been regarded as a provincial and local responsibility and that the federal government has up to this moment never taken any responsibility in this direction.

Apart from the considerations which I have already pointed out respecting unemployment assistance, what is the difference between aid offered to the provinces in respect to unemployables under the Unemployment Assistance Act and that offered to the provinces in respect to disabled persons under the Disabled Persons Act? As the former minister of this department reminded us when we were discussing the subject, this last legislation was the brain child of no less a person than the former prime minister of Canada who surely understands the constitutional position and the attitude of Quebec as well as the hon. member for Laurier.

Mr. Chevrier: You should ask the former prime minister what he thinks of it, then.

Mr. Monteith: Why was it right, Mr. Chairman, for a Liberal administration to offer aid to the provinces for unemployables, the aged, the blind and unemployables who even now come under the Unemployment Assistance Act yet the minute this government proposes to extend this aid on a more generous basis, the hon. member for Laurier suddenly suggests that it becomes an invasion of provincial jurisdiction and, to use the hon. member's words, a definite and important step in the direction of centralization.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, there is a question I should like to ask the minister. I hope he will not get so involved in this argument with the hon. member for Laurier that the committee will get away from the more substantial aspects of this legislation. Can he tell us how much additional money will be available to the provinces, on the assumption that all ten sign agreements by removing the .45 floor? Let me tell him that if he answers that question I have another one for him: how much additional money would the federal government be paying if instead of removing the .45 floor the amendment proposed paying 100 per cent of unemployment assistance above the .45 floor? Of course, it is quite easy to answer that last question; all the minister has to do is tell us what 50 per cent amounts to, and we will know what the other 50 per cent would amount to. What we want to know is how much money will be going to the provinces under this legislation compared with what it would be if instead of removing the floor it went to 100 per cent above the floor.

Mr. Monteith: Mr. Chairman, I can give those figures. I had a nice little story, based on the cost in detail, which I was going to give on second reading. But I think I could give you the figure now. It is, roughly, $16 million, but it is made up of various items, such as items taken over from provinces not within the agreement now, and that sort of thing. If the hon. member would wait until the second reading I shall be glad to give him the complete picture.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, with the tables which the minister placed on record a while ago, this presents a bit of a problem. I do not think he would mind admitting that he has told us he would like to proceed with the second reading of this bill later this day. If we are going to be presented with tables of this kind it seems to me that if such a request is made it should not involve proceeding immediately, but, rather, at some time later this day, say at eight o'clock.

In the meantime I think the more of these figures the minister can give us now, the more intelligent our discussion will be.

Mr. Monteith: Well, Mr. Chairman, I would be glad to give some of these figures now. With reference to the abolition of the threshold, the cost in the case of the six participating provinces can be precisely calculated from monthly returns or claims submitted by the provinces. On this basis the cost and the benefit to each province will be approximately as follows: Newfoundland, $130 million—

Mr. Pickersgill: One hundred and thirty million dollars?

Mr. Monteith: One hundred and thirty thousand dollars.

Mr. Pickersgill: I was going to withdraw my speech.

Mr. Monteith: Prince Edward Island, $45,000; New Brunswick, $150,000; Manitoba,

$525,000; Saskatchewan, $450,000; British Columbia, $1,150,000, making a total of $2,450,000. That would be the cost of the abolition of the threshold in respect to the six provinces now under the agreement.

Mr. Pickersgill: Is that the total cost, or is it the federal share?

Mr. Monteith: That is the federal share. We will be paying half of the amount underneath the .45.

Mr. Pickersgill: To give me a concrete example, the cost to Newfoundland is $260,000 and the saving for Newfoundland is $130,000. Is that correct?

Mr. Monteith: That is right. That is the cost to the federal government.

Cost estimates in the case of four non-participating provinces which we hope will now come into the scheme are based on somewhat less accurate data submitted by the provinces themselves at the time of the 1955 discussion on unemployment assistance, or derived from an analysis of data contained in later provincial reports. On this basis it is estimated that the cost of abolishing the threshold in the four non-participating provinces will be as follows: Nova Scotia, $140,000; Quebec, $3,300,000; Ontario, $2,900,000; Alberta, $575,000, making a total of $6,915,000, that is, below the .45.

Mr. Chevrier: May I interrupt just at this moment for the purpose of clarity? I take it from what the minister says that the province of Quebec is going to enter into an agreement with the federal government in the same manner he indicated the province of Ontario would?

Mr. Monteith: No, I did not intimate that in my remarks at all. I have not given any indication that the province of Quebec is considering it nor do I know.

Mr. Chevrier: Could I ask the question then. Will the province of Quebec enter into an agreement with the federal government?

Mr. Monteith: I think I remarked just a moment ago that we hoped so. Adding these cost estimates to those already given for the six participating provinces we arrive at a total of $9,365,000 as the probable annual cost to the federal treasury of abolishing the threshold. It should be noted however, that while the cost of the abolition of the threshold will not exceed $9 million to $9.5 million per annum this will not be the only cost resulting from the proposed amendments. The fact is that the four non-participating provinces could benefit even at the present time if they were to enter the plan without the threshold being abolished. Consequently, on the assumption that the abolition of the threshold will result in agreements with all ten provinces, the following additional costs above the threshold must also be included in the reckoning. Nova Scotia could receive under the present threshold approximately $20,000 per annum; Quebec, approximately $4 million; Ontario, approximately $1,350,000; Alberta, approximately $600,000, a total of $5,970,000. This item, approximately $6 million, represents amounts to which the four provinces are presently entitled but which they are passing up because they have not signed agreements under the Unemployment Assistance Act. This is, of course, in addition to the cost of $9 million to $9.5 million involved in the abolition of the threshold.

The total annual costs of bringing in the four non-participating provinces and of abolishing the threshold will be approximately $15 million to $15.5 million in a normal year. This, added to present expenditures of between $5 million and $6 million annually in six provinces, will raise the total federal contribution to unemployment assistance costs under this measure to a total of $20 million annually or more. To the extent that in the coming year the numbers requiring unemployment assistance are higher than they have been in the past few years this may be a low estimate. To the extent that one or more provinces may continue to stay out of the scheme, this may be an overestimate of probable costs. Does that answer my hon. friend's question?

Mr. Knowles (Winnipeg North Centre): The minister has given most of the figures I sought. Has he the figures as to what is now being paid annually to the six participating provinces above the threshold? I think he gave the total as $5 million or $6 million but does he have it broken down?

Mr. Monteith: Yes. I might mention that the first annual report of the operations of the Unemployment Assistance Act was tabled recently covering the fiscal year 1956-57 but also nine months of the previous fiscal year beginning July 1, 1955. The statistical tables filed with that report show the following facts applicable only to the six participating provinces. Total expenditures on federal account in the six provinces for nine months of 1955-56 were $3,823,611.27, an average of $424,845.70 per month, for the period July 1, 1955, to March 31, 1956. The largest beneficiaries under the program were British Columbia with $1,721,339.28 and Newfoundland with $1,174,734.83. Manitoba and Saskatchewan were next with $484,130.67

and $369,519.12 respectively and Prince Edward Island and New Brunswick followed with $55,033.37 and $18,854. respectively. In the case of New Brunswick this actually covered only a three-month period instead of a nine-month period. Are you interested at the moment in the number of persons?

Mr. Knowles (Winnipeg North Centre): I am still wondering whether the minister has any figures for a recent 12-month period for the participating provinces above the threshold?

Mr. Monteith: The participating provinces benefited by the following amounts in 1956-57.

Mr. Knowles (Winnipeg North Centre): That should be it.

Mr. Monteith: British Columbia, $2,299,-894.48; Newfoundland, $1,562,058.32; Manitoba $650,000, an estimated figure; Saskatchewan, $512,678.33; Prince Edward Island, $54,035.89 and New Brunswick, $32,886.96. Are those the figures the hon. member required?

Mr. Knowles (Winnipeg North Centre): Yes, thank you. Have you the total or do I have to add them up myself?

Mr. Monteith: I am afraid I have not got it; would you mind telling me when you get it?

Mr. Knowles (Winnipeg North Centre): Gladly.

Mr. Denis et: Mr. Chairman, some reference was made to the proposals made by the government of Manitoba. To clarify the matter and to help the minister to deal with the matter when the bill comes up for second reading it would seem proper to place on record some of the remarks made by the premier of the province of Manitoba at the dominion-provincial conference which was held in Ottawa on November 25 and 26. The following are the words Premier Campbell used at the conference:

> Turning to the field of welfare, we in Manitoba, as I am sure is the case throughout the nation, are concerned with the apparent rapid increase in unemployment. We know that the federal government will be giving serious consideration to measures to correct this very undesirable situation and you, Mr. Prime Minister, may rest assured that Manitoba will be anxious to co-operate with you in all possible ways. We would like to draw to your attention the fact that a commitment was given by the previous federal government, that when the unemployment figure reaches 2 per cent of the population the present unemployment assistance arrangements would be reviewed with the provinces. There is reason to believe that this condition may arise shortly.
>
> The present unemployment assistance agreement, as Manitoba's representatives forecast at the time of negotiation, has proved unsatisfactory in several respects. Our minister has been in touch with the federal minister on several points remaining at issue between us, and only yesterday, on our arrival in Ottawa, received notification from the Minister of National Health and Welfare that these representations had been rejected, and indicating quite clearly that redress could be secured only by carrying our case to the Exchequer Court.
>
> The agreement is unnecessarily complicated and expensive to administer. The complicated assistance formula, with its inclusions and exclusions, its formula of .45 per cent of population, its use of annual population estimates, and its references to mothers' allowance cases whose costs are in no way shared by Canada, has produced administrative problems of the most difficult order, and a need for completely new administrative machinery —the cost of which must be borne entirely by the province and the municipalities.
>
> Moreover, we believe that the agreement is discriminatory as between provinces. It allows certain cases to be included in the claims of one province and excludes exactly the same type of case from the claims of another province, simply because of variations existing in their legislative provisions at the time the agreement was signed.
>
> For example, families of dependent disabled men may be included in the claims of some provinces because these cases are municipal relief responsibilities in those provinces. The same kinds of cases may not, however, be included in Manitoba's claims because they are receiving payments from our provincial mothers' allowance appropriation.

[Mr. Monteith.]

Manitoba is anxiously awaiting for some solution to these problems. We are hoping that these objections will be met. As a matter of fact, we are under the impression that the present Minister of National Health and Welfare is the type who will not adopt a take it or leave it attitude.

Mr. Monteith: I presume the hon. member does not know that a letter, signed by myself, has gone forward to the minister in Manitoba clarifying the whole situation. The hon. member indicates that is not so but it is because I have seen it.

Mr. Denis et: I am not aware of it.

Mr. Monteith: It is because I have seen it. At any rate, I think the hon. member will find that the Hon. Mr. Bend and myself have come to a satisfactory agreement.

Mr. Kirk: Possibly I misunderstood the minister but I think he said that Nova Scotia was one of the non-participating provinces. I was quite certain that Nova Scotia had signed an agreement some two years or more ago.

Mr. Monteith: No, Nova Scotia is not a participating province.

Mr. Kirk: And has never been?

Mr. Monteith: No, not to the best of my knowledge.

Mr. McMillan: Can a non-participating province sign an agreement and have it made retroactive?

Mr. Monteith: Yes. Discussions commenced, I believe, in June, 1955 and the act was not passed until June, 1956. As a consequence there was a provision in the act—incidentally, it is one of the obsolete provisions which we propose to remove at this time—making it possible because of the time the discussions originated for a province to receive the benefits for one year prior to the date of the signing of an agreement.

Mr. McMillan: I think the minister mentioned the saving to the municipalities. Did he mean municipalities in Ontario?

Mr. Monteith: I simply referred to the announcement by the premier of Ontario. Yes, I mean Ontario.

Mr. McMillan: I saw an article in the press indicating that the municipalities would continue to pay 20 per cent.

Mr. Monteith: Well, they have been paying 40 per cent.

Mr. Barnett: I have one or two questions I should like to ask the minister in relation to the table of figures he put on *Hansard* a little earlier, a copy of which he sent over to me. The table lists comparative figures over a substantial period of years but for the purpose of my questions I will refer only to the last figures given, namely for 1956-57. The minister may have explained this when he was introducing the table and I was not able to follow him. However, looking at the table I am not quite sure as to the relationship between the various figures listed. Under the heading "Municipal Relief" there is $8.3 million for the year 1956-57. Under "Provincial Relief" there is a total of $16.2 million. Is the figure of $8.3 million for municipal relief included as part of the $16.2 million for provincial relief?

Mr. Monteith: No, that is just the municipal share. The provincial share is $16.2 million and the amount the federal government has paid is $231.3 million plus $4.1 million for unemployment assistance.

Mr. Barnett: Then I should like to ask about the relationship between the total of $16.2 million for provincial relief and the total of $4.1 million for the federal share of unemployment assistance. Is the $4.1 million included as part of the $16.2 million?

Mr. Monteith: No, it is not part of the $16.2 million; it is a separate item. I should like to point out that at the moment only six provinces have signed agreements and those provinces actually cover only some 4½ million residents of Canada. If Ontario comes in there will be approximately 10 million people covered. I am speaking of total population. The $4.1 million really covers about one-quarter of the population, you might say.

Mr. Barnett: For the moment I am not concerned with the over-all total of expenditure that might be involved if every province signs an agreement. All I am concerned with is to establish clearly for the record the relationship between the various totals listed. Do I understand correctly that if one wants to get the total of expenditures relating to unemployment so far as the provinces now under the legislation we are discussing are concerned, one should add the $8.3 million paid by the municipalities, the $16.2 million paid by the provinces and the $4.1 million which is the present amount of the federal share?

Mr. Monteith: Those are the provincial and municipal figures for all the provinces of Canada.

Mr. Barnett: Oh, I see. The $16.2 million and $8.3 million are the totals for the ten provinces.

Mr. Monteith: That is right.

Mr. Barnett: Whereas the $4.1 million is the total amount paid by the federal government.

Mr. Monteith: It is the total we have paid but it all went to six provinces.

Mr. Barnett: To the six provinces which now have agreements with the federal government. In view of the fact that this table is going to appear on *Hansard* I think it is important that we understand the true meaning and significance of these figures.

Mr. Monteith: I quite agree. I am glad the hon. member brought it up.

Mr. Barnett: I am rather intrigued by the fact that the table also includes a reference to unemployment insurance benefits. I think we should have it clear for the record just what is the $231.3 million listed as unemployment insurance benefits for 1956-57. I take it that is the total amount paid out by the unemployment insurance commission.

Mr. Monteith: That is right.

Mr. Barnett: And that figure has no relationship to the amount paid out by the federal government—

Mr. Monteith: No, I admit that unemployment insurance is a contributory scheme. This figure represents the total benefits that have been paid.

Mr. Barnett: —in meeting the problem of payments to the unemployed, but it is not

to be taken that the $231.3 million is an amount which the federal government is now paying out of federal revenue.

Mr. Monteith: There is no such assumption at all. The only difference will be that the $4.1 million will probably rise to about $20 million.

Mr. Barnett: When the other provinces come in.

Mr. Monteith: If they all come in.

Mr. Pickersgill: It depends on how many unemployed there are.

Mr. Monteith: I mentioned that.

Mr. Barnett: While we are discussing the resolution on unemployment assistance I think we should not forget the Unemployment Insurance Act which, of course, is an act of parliament designed to meet at least part of the problem of those who find themselves without work. As I understand it, when the present Unemployment Insurance Act was first introduced it was as the result of an amendment to the British North America Act which added the words "unemployment insurance".

I suppose that technically one could argue that the inclusion of the words "unemployment insurance" as part of the federal jurisdiction and responsibility under the British North America Act does not of itself put the question of unemployment completely within federal jurisdiction. But I think the people of Canada quite rightly can infer that when that amendment was made to the British North America Act it was made with the idea that we were going to have a system of unemployment insurance under federal jurisdiction which would meet the problem of providing at least some income to those who become unemployed.

It has become obvious, to me at least, as the discussion has progressed that these two questions of the Unemployment Assistance Act, which comes under the Minister of National Health and Welfare and the Unemployment Insurance Act, which comes under the Minister of Labour, are difficult to separate in our thinking when dealing with the unemployment situation. As a matter of fact, I do not know whether or not the Minister of National Health and Welfare was intending to indicate how closely these matters are related in his mind, but I did notice that according to yesterday's *Hansard*, when he was introducing this resolution, inadvertently or otherwise, the minister referred to the Unemployment Insurance Act instead of the Unemployment Assistance Act.

Mr. Monteith: Has that not been corrected?

[Mr. Barnett.]

Mr. Barnett: Not in the copy of *Hansard* I have in my hand. I assume the minister did that inadvertently or that it was a misunderstanding on the part of the *Hansard* reporter. I felt that it was perhaps an indication of a subconscious realization on the part of the minister that the whole question of dealing with the problem of unemployment is one which properly belongs within federal jurisdiction. Perhaps this lends some weight to the argument my colleagues have been advancing that instead of talking about the removal of this threshold we more properly perhaps should be considering the changing of that 50 per cent contribution—

Mr. Monteith: I do not think that is in order at the moment.

Mr. Barnett: —to a 100 per cent contribution, at least until such time as the minister's colleague in the Department of Labour introduces an Unemployment Insurance Act that will remove this problem from his jurisdiction.

Mr. Knowles (Winnipeg North Centre): I should like to draw to the attention of the hon. member for Bonavista-Twillingate the significance of some of the figures we have elicited from the Minister of National Health and Welfare. My hon. friend defended the continuance of the 50 per cent arrangement above the floor, pointing out certain changes had taken place since the green book was written in 1945.

Mr. Pickersgill: I am sure the hon. gentleman does not want to be unfair. I said I was going to vote for this measure as is.

Mr. Knowles (Winnipeg North Centre): That is exactly what I was going to say next. The hon. member for Bonavista-Twillingate said he was going to vote for this measure as it is, and he gave the reason that it would put some dollars into the treasury of his adopted province.

Mr. Pickersgill: That is right.

Mr. Knowles (Winnipeg North Centre): How many dollars would it put into that treasury? According to the figures of the Minister of National Health and Welfare, $130,000 a year. If instead of removing the threshold, the present government or the former had gone in for 100 per cent of the cost of assistance to the employable unemployed above the threshold it would have put into the treasury of Newfoundland $1,562,058.32 a year. That indicates the difference in terms of provinces that are hit by unemployment between the one approach and the other. The contrast is not so sharp in the case of my own province. But again, Manitoba would do better under

100 per cent above the threshold rather than 50 per cent below the threshold. In the case of Manitoba, under the changes proposed in this legislation, there would be an increase of $525,000 a year. The other proposal would have given to Manitoba an extra $650,000 a year.

Looking at the figures for another province where unemployment is high, namely British Columbia, I find that the government's legislation will increase the contribution to that province by $1,150,000. On the other hand, if this 100 per cent payment above the threshold had not been scuttled by the former government and buried by this one the increase in the contribution to British Columbia would be $2,299,894.48, which is considerably more than would be obtained under this legislation. So far as the six participating provinces together are concerned, they will get an additional $2,450,000 as the result of this legislation. If the other proposal had been adopted they would have obtained an additional $5,100,000. That is the sum of those figures the minister gave a few minutes ago.

I am free to admit that in so far as Ontario is concerned, it happens to work out the other way. Apparently in Ontario the situation with regard to employable unemployed is not as serious as it is in Newfoundland, Manitoba and British Columbia. It appears that Ontario will gain more by giving that province 50 per cent under the floor than would be gained by giving an additional 50 per cent over the floor.

Mr. Chairman, we are right back to the principle that we tried to enunciate throughout this whole debate, that unemployment is a national responsibility which flows from economic policies which are the responsibility of the central government. Since this is the case we believe the responsibilities of the federal government should include full responsibility for assistance to employable unemployed wherever they may live in Canada.

Mr. Pickersgill: I should like to make one or two observations about what the hon. member has said. I said at the beginning that I was going to vote for the bill as it is because it would put more dollars into the treasury of Newfoundland. I stand by that because this is all we are being offered. I quite agree with the hon. member for Winnipeg North Centre that as an abstract proposition I would find it easier to defend paying 100 per cent above the threshold—

Mr. Knowles (Winnipeg North Centre): Is this green book abstract?

Mr. Pickersgill: No, I am not talking about the green book at all. Perhaps the hon. gentleman would allow me to finish my sentence. As an abstract proposition, I would rather support 100 per cent above the threshold than what is proposed by the government because, not merely for monetary reasons but as a matter of principle it seems to me that this threshold was put there by my right hon. friend and was defended by the hon. member for Laurier for the very good reason that the people below the threshold are deemed to be those under public assistance and not unemployed. As a question of principle, it seems to me the hon. gentleman's case is good, and for Manitoba, British Columbia and Newfoundland it would be in a dollar sense better. Of course, the bill the government is proposing is better for Ontario, as the hon. gentleman has pointed out.

What I want to say particularly is that the hon. gentleman has very skilfully—we all know how skilful he is and we all know how difficult it is for a simple person like me to counter his arguments—reversed the whole record. First of all, he talks about the Liberal government having scuttled or having pushed back to the provinces something, as though there had ever been, in the history of this country, a time the federal government in fact had assumed the full cost of unemployment assistance. There never has been.

The first occasion since the war when any responsibility was taken was when it was taken by the Liberal government when the present legislation was enacted which hon. gentlemen opposite are now recommending should be changed. I would remind the hon. member for Winnipeg North Centre and the other members of the committee of one or two facts which the hon. gentleman left out. In the first place, the green book proposal was a proposal for unemployment assistance to be administered and paid for by the federal government; and as a matter of principle the Liberal party has never stood, as fas as I can recall, for paying 100 per cent of the cost of any service administered by someone else. I think that is a thoroughly unsound principle and I would defend that position at any time.

In the second place, the proposal made in 1945 was not that unemployment assistance should be taken over by the federal government as an isolated thing. As I said, it was part of a package deal. It was to be done if the provinces in conference agreed to certain other things which they have never agreed to from that day to this. As a consequence of the failure to reach agreement, the tax rental payments and subsequently the equalization payments were greatly increased; and as a consequence of those greatly increased charges put upon the federal treasury, it was

felt by the government, before I became a member of the government and afterwards, that there was no longer the same case that there had been—certainly not the case there had been before the war nor the case there was in 1945—for assuming these charges in two different ways, one by direct tax rental payment into the treasury of the province and then again by assuming the charges in another statute as well.

But on the first occasion on which there was anything more than a very slight amount of seasonal unemployment—and that was the winter of 1954-55—the Liberal government recognized a measure of responsibility and took the initiative in recognizing it, and brought in the legislation with which the hon. gentlemen opposite are now tinkering, and I use the word "tinkering" advisedly. While we have no choice but to accept what they are offering, it is not very much.

Mr. Barnett: In view of what the hon. member for Bonavista-Twillingate has just said about tinkering with this question of dealing with unemployment and in view of what he was just saying about the proposals to which the hon. member for Winnipeg North Centre has been referring, namely the green book proposals, it seems to me that this matter of tinkering is not something which has been initiated with the present administration. I think that what was done in the winter of 1954-55 as a result of seasonal employment could be quite as well described by the use of the word "tinkering", in view of the green book proposal, as what the present administration is doing. However, it seems to me that the hon. member for Bonavista-Twillingate, in view of what he was saying, might be interested in having drawn to his attention at this time some words which were used in the debate on the Unemployment Assistance Act by the present Secretary of State. To me at least they point up the fact that while theoretically apparently both the Liberals and the Conservatives have common thinking on this subject, nevertheless all that either of them is prepared to do, when an emergency situation of unemployment arises, is a little bit of tinkering. As found at page 5462 of *Hansard* of June 28, 1956, the present Secretary of State had this to say. She was speaking following the introduction of the Unemployment Insurance Act by the then minister of national health and welfare and said this:

> Having had some experience in municipal affairs I know it is unrealistic to expect the provincial or municipal administrations to be responsible for the administration of this assistance. The government of Canada has set up right across Canada its own machinery to handle unemployment insurance benefits and it would seem to me that if the government of Canada intends to do something to assist those persons who are not otherwise covered, either by reason of failure to qualify for unemployment insurance benefits because of being in uninsurable employment or by reason of having made insufficient contributions, if the government intends to go along with some sort of assistance it seems to me it could have gone much further than is indicated here in administering these applications.

I would commend those words not only to the hon. member for Bonavista-Twillingate but to the present Minister of National Health and Welfare as an indication of just how far he seems prepared to go in dealing with this matter, as it was advocated by his colleagues in 1956.

Mr. Pickersgill: I am sure it is useless, Mr. Chairman, ever to try to have the last word in any debate with the hon. member for Comox-Alberni. However, I should just like to make an attempt and say that it surely was not tinkering with this problem to get a constitutional amendment and to enact the Unemployment Insurance Act which deals with well over 90 per cent of the problem.

The Chairman: Shall the resolution carry?

Mr. Knowles (Winnipeg North Centre): I will be quite happy, Mr. Chairman, if the hon. member for Bonavista-Twillingate seeks to have the last word, as far as I am concerned. But let me give him something to which he might try to utter that last word.

First of all, he accused me of reversing the record. The record on which I based my argument today was the Rowell-Sirois report and more particularly the green book proposals of the then Liberal government. If the former minister thinks that I was unfair to suggest by implication that something that existed had been scuttled, I will admit that up until 1956 there was no legislation providing for any federal responsibility for the employable unemployed not covered by unemployment insurance. My whole point —and I think the use of the word "scuttled" was perfectly proper—was that when the Liberal government in 1956 finally took a step in that direction, it was only to the extent of 50 per cent instead of to the extent of 100 per cent which was laid down in the green book proposals of 1945.

Mr. Pickersgill: As part of a bargain.

Mr. Knowles (Winnipeg North Centre): There has been a good deal of history since then, and many aspects of that package deal have been achieved, thanks in part to some of the legislation that my hon. friends placed on the statute books under pressure from certain quarters, as they know.

The other comment I wish to make is that I am still amazed at the stand taken by my Liberal friends with regard to what this legislation actually proposes to do. They say —and say correctly—that what it does is to provide for federal payment of 50 per cent of the cost of maintaining unemployables. The Liberals argue that that is a provincial responsibility and that this legislation, this tinkering with their act, means that the federal government is invading that provincial field. They say they are against it. The hon. member for Laurier said it last night.

Mr. Pickersgill: I never said I was against it. I was merely attempting to point out what the fact was, that abolishing the threshold did appear to me to be an invasion of what had always been regarded as an exclusively provincial jurisdiction. That was merely factual. I was not attempting to express any moral judgment of any kind.

Mr. Knowles (Winnipeg North Centre): Then is the hon. member willing to approve what he calls an invasion in the field of provincial rights?

An hon. Member: We have to.

Mr. Pickersgill: We have to.

Mr. Knowles (Winnipeg North Centre): Why do you have to?

Mr. Pickersgill: Because I happen to represent, from the point of view of income, one of the less favoured provinces and one in which this money is badly needed. However, I would much rather see it done, as I explained in the speech I made originally, in a different way, in the way in which the Prime Minister prior to the election led us to believe this problem would be dealt with.

Mr. Knowles (Winnipeg North Centre): In other words, the hon. member for Bonavista-Twillingate is voting for something based on a principle to which he is opposed, something he does not believe in, so that he can get the $130,000 for the treasury of Newfoundland. I would have more respect for his position if he stood on his principles and voted against it.

Mr. Pickersgill: You have no principles.

Some hon. Members: Oh, oh.

Mr. Knowles (Winnipeg North Centre): As far as we are concerned—when the laughter is over—we are prepared to take the same position that my hon. friend's colleague, the member for Essex East took in 1956, when he was the minister of national health and welfare and when he likened this measure to 50 per cent of the pension for the disabled. We are not against this in principle; we approve of the federal government contributing to pensions or allowances for disabled persons, the blind and so on. Likewise we approve of the federal government making a contribution to assistance for unemployables. We are not against this in principle; we think it is a perfectly acceptable proposition and so we are voting for it because to us it is all right in principle and because it does get some dollars into the provincial treasuries.

We think however that a much more desirable move would be to go in for 100 per cent above the floor and thus get much more money into the provincial treasuries. Nevertheless, I think I have made it clear, both on principle and because of the dollars involved, that we are prepared to vote for this legislation.

Resolution reported and concurred in.

Mr. Monteith thereupon moved for leave to introduce Bill No. 240, to amend the Unemployment Assistance Act.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Rea): When shall the said bill be read a second time? Now?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if the minister would agree to have the second reading later this day in order to give us a chance to look at some of these tables. It could be taken either after the next piece of legislation is disposed of or at eight o'clock.

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes I would be very happy, Mr. Speaker, if that arrangement is suitable to the house, to have the second reading later this day.

PENSION ACT

AMENDMENTS RESPECTING DEPENDANTS, ETC.

Hon. A. J. Brooks (Minister of Veterans Affairs) moved the second reading of Bill No. 35, to amend the Pension Act.

He said: Mr. Speaker, a resolution preliminary to the introduction of Bill 35 was debated a few weeks ago. At that time I explained it was necessary to introduce a bill amending the Pension Act, principally to put into statutory form certain amendments increasing the basic rate pension as amended by the former minister of finance on March 14, 1957, and for which financial provision was made in the statutory estimates by vote No. 670 and Bill No. 418. These increases came into effect July 1, 1957. The bill also provides for additional benefits and brings these benefits more in line with the increases in the basic scale of pensions.

It was also decided to introduce amendments designed to clarify sections of the act in which some doubt regarding interpretation has existed. This is just a tidying up process, mainly to clarify the situation, and which does not infringe in any way on any existing benefits or incur any added liability. At the conclusion of the debate on the resolution, I stated that the observations of hon. members would be studied and I would defer my comments until second reading.

The hon. member for Rosthern (Mr. Tucker) expressed his concern because, although the proposed amendments would prove to be acceptable, nothing was mentioned about a further increase in the basic scale of pension awards. The present increase just came into effect on July 1 of this year. A brief review of the situation might be helpful. From 1920 to 1947 a 100 per cent pension for a married man was $100 monthly; in 1947 a 100 per cent pension for a married man was increased to $125; in 1952 it was increased to $170 and in 1957 it was increased to $200.

The hon. member for Rosthern, whom I am sorry to see is not here at the moment, was no doubt aware that the Canadian Legion urged a 33⅓ per cent increase last year and the national council—which represents the amps, blind, paraplegics, army, navy and air force veterans, Canadian corps association, Hong Kong veterans, etc.—requested in February 1957 "that the basic rate of pension, i.e., war disability compensation for 100 per cent disability be increased to at least double the 1939 rate". As a matter of fact the request was implemented on July 1 of this year. The Legion, in a brief presented to the cabinet, a copy of which has been circulated to each hon. member, upheld a short time ago its request that the increase be 33⅓ per cent and that is the subject of close study in the light of other governing factors.

The hon. member for Vancouver-Kingsway (Mr. Macdonald) was another who expressed his disappointment at there being no increase in the basic scale and suggested the scale had gone behind the cost of living in other indices. That again illustrates the need of further study and reference to a committee on veterans affairs as has happened in the past and, might I state from my own personal knowledge, took up considerable time in past committees. He also observed that when a disability pensioner entered into a common law union after his discharge from service some consideration should be given on behalf of his partner. He suggested our divorce laws were medieval. This is a situation which I would not desire to discuss any further at this stage, but it illustrates the need for an examination by a committee.

[Mr. Brooks.]

The hon. member for Vancouver-Kingsway also claimed that British disability pensioners who came to Canada after discharge had no rights under the Pension Act and suggested they were deserving cases. Canada does supplement the awards of Canadians with pre-war domicile who served in the forces of Her Majesty or Her Majesty's allies but has never accepted the principle that such pensioners who had no pre-war residence and came to Canada for the first time after discharge from service with their own country are entitled to that benefit.

The hon. member wished some clarification regarding the award of pension and other allowances to paraplegics. The Canadian pension commission assesses the disability from paraplegia as total and pays a pension at 100 per cent. In addition thereto, the commission pays a helplessness allowance as provided in section 30 (1) of the act. This allowance varied from a minimum of $480 per annum to a maximum of $1,400, and the latter amount was increased to $1,800 from July 1, 1957. This increase was granted on the urgent representations of the commission to provide for a group of helpless pensioners who required constant attendance day and night, the majority being bedridden. The commission revised their table of disabilities as of July 1, 1957, to provide for the following four classifications under which helplessness allowance is paid:

Constant

A bedridden case or equivalent who requires constant nursing care and attendance in his home, $1,800 per annum.

Almost Constant

Cases totally disabled and helpless who require a great deal of attendance, particularly during the day, $1,440 per annum.

Intermittent attendance—day and night

This degree of attendance is self-explanatory, $960.

Occasional attendance during the day

This degree of attendance is self-explanatory, $480.

Paraplegics, prior to July 1, 1957, received $1,400 and, unless they require constant attendance in their homes day and night, are classed as almost constant and paid now at $1,440.

I might state that earlier this month I met a delegation of the paraplegic association from Toronto and Montreal who, quite frankly, were of the opinion they should receive the maximum award of helplessness allowance of $1,800 and their representations are now being studied. However, the actual amount to be paid is subject to the decision of the commission, which is charged with sole responsibility and jurisdiction. This is another subject which should be studied by a parliamentary committee.

The hon. member for Burin-Burgeo (Mr. Carter), as the result of a most detailed study suggested that Newfoundland veterans, contrary to the terms of union of 1949 and the proposals for confederation of 1947, did not benefit to the same extent as former members of the Canadian forces. This naturally raised the question in my mind as to the number of pensioners and the annual liability as at the date of union, April 1, 1949, in relation to the latest date this year for which records are available.

The figures are:

Newfoundland Pensioners
As at 30/4/49
(end of first month following union)

Number	Annual Liability
1,816	$779,021

As at 30/9/57

Number	Annual Liability
2,078	$1,629,205

An increase of over 100 per cent in amount. It does seem to me that these figures disprove the impression created by the hon. member that Newfoundland veterans have not benefited from union. The total number of pensioners has increased by about 15 per cent, which is evidence of a broader and more generous interpretation of the basis of entitlement compared with that which they formerly enjoyed. He raised a number of points which I may assure him will have my personal study, as well as that of the commission, and which demonstrate the need for a more complete examination by a parliamentary committee.

The hon. member for Burin-Burgeo also stated the life certificates issued by the commission were misleading and that pensioners were not aware they could claim the continuation of additional pension for children who were continuing their education after attaining the statutory age limitation of 16 or 17. This statement resulted in an immediate inquiry, because the commission has always maintained its responsibility is to provide the maximum benefits permissible by the statute. When a child reaches the statutory age limitation for pension, the chief treasury officer sends out a statement on form 250-B, showing the adjustment of pension. Accompanying this is a form letter, over the signature of the chairman, which quotes the act, gives information regarding the additional pension under section 26(1) (a) and (b), and instructs the pensioner what to do.

Frankly, I do not see what more the commission can do, as pensioners are encouraged at all times to make application on behalf of these children. A further letter of advice goes with the adjustment cheque when pension for the child is continued beyond the statutory age limitation.

The hon. member for Edmonton West (Mr. Lambert) advocated the expedition of this legislation and the setting up of a permanent committee. I dealt with this subject, Mr. Speaker, when I was discussing this matter on the resolution.

The hon. member for Timiskaming (Mr. Peters) drew attention to matters affecting treatment and pension medical re-examination, also to the cases of merchant seamen and those covering disability and death during peace time service, and these will have my close study and that of the commission. Again they illustrate the need for a committee, as does his proposal that peacetime service personnel should be covered by an insurance plan.

I may say, Mr. Speaker, that the problem of the merchant seamen has been discussed in this house and in committee on many occasions. There were certain provisions made for the merchant seamen, but possibly there has not been as much done for them as there should have been. This matter also should receive study by a committee when one is set up.

The hon. member for Okanagan-Revelstoke (Mr. McLeod) stated it was not unusual to find the same members on the appeal board as had adjudicated on the original decision. This is not the case, and would be in direct violation of section 60 (5) (c), which states:

> That no member of an appeal board of the commission shall adjudicate upon any case coming before an appeal board pursuant to this section, if such member has previously sat as a member of the commission at any hearing of such case, as herein provided, unless the applicant's consent thereto has first been obtained.

An appeal board consists of three members, and two boards sit in different parts of Canada each week. Occasionally one member of the board may have adjudicated upon the claim previously. If so, the applicant is advised by his advocate and, if he refuses to give his consent, the hearing is deferred.

The same hon. member stated it was almost impossible to have the decision of the commission modified by the appeal board. Actually, the reverse is true, as will be found on page 63 of the annual report of my department for the fiscal year ending March 31, 1957:

Number of claims heard by the appeal boards during the year	1,510
Number of claims granted by the appeal boards during the year	624
Number of claims not granted	752

The balance of 134 were pending, struck off or withdrawn. Further, if the hon. member will refer to page 69 of the same report he will find what happened to all the world war

I applications for pension received during the year and, on page 83, what happened to the world war II applications. He will be surprised to see the number granted on first application, and those on further hearing or renewal after the presentation of additional evidence without the necessity of going to appeal.

The hon. member for Middlesex West (Mr. Thomas) asked how the commission reaches decisions regarding entitlement in cases where an applicant was enlisted as category A and discharged in a lower category; how does the commission disclaim responsibility? This involves a question, Mr. Speaker, which has on many occasions been the subject of discussion in this house and before committees on veterans affairs. I must say that when the Canadian pension commission renders a decision, it states the reasons leading thereto and the sources are open to the applicant should he desire to proceed further with his claim. Also, there is a branch of my department called the veterans' bureau, which is staffed with qualified personnel who are able to advise applicants, without cost, as to their claims. Parliament has charged the commission with sole responsibility in all matters relating to the adjudication and award of pension. I have taken careful note regarding the observations of my hon. friend, which are by no means new, and know full well that this subject of pre-enlistment conditions will be fully explored by the first committee of this house to deal with the Pension Act.

The hon. member for Lethbridge (Mr. Blackmore) made particular mention of the fire fighters. Considerable study was given by previous committees of this house to the problems of the fire fighters. We have the Fire Fighters War Service Benefits Act making special provision for the fire fighters and they also get special attention under the Civilian War Pensions and Allowances Act. There will be further study if it is felt something more is needed.

In closing with these general observations, Mr. Speaker, I desire to thank hon. members for their constructive criticism all of which will be studied and which, may I state again, points out the need for a careful study and review of pension legislation.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to say that this group welcomes this amending bill as it does bring forward some worth-while amendments to the Pension Act. Although there are a number of omissions so far as the representations made by the Canadian Legion and the National Council of Veterans are concerned, nevertheless the amendments are all to the good. I have been nice up to this point but I am going to be nasty from now on.

Mr. Brooks: I do not believe you can be nasty.

Mr. Herridge: The last time I spoke about veterans affairs I made the statement that needy veterans were being denied admission to hospitals of the Department of Veterans Affairs in Canada. I made that statement as the result of a visit to Shaughnessy hospital in Vancouver, meeting veterans and their parents and information given me at Legion meetings. Since I made that statement I have received a lot of correspondence particularly from the coastal cities of British Columbia supporting my contention.

I am not one given to making exaggerated statements. I try to get the facts before I make a statement and I am one who does not relish his word being challenged. Therefore I am going to deal with one particular letter which I have received which definitely proves my case. Many of these old boys cut clippings out the Vancouver *Province* or the Vancouver *Sun* commenting on my previous statement and send them to me. One of such clippings reads as follows:

DVA Denies Veterans Not Looked After—

A charge in the commons at Ottawa that male immigrants are getting treatment at Shaughnessy hospital while "war veterans are denied admission" was denied here.

"At no time has an entitled veteran been refused admission to treatment," William Roaf, western regional administrator for the veterans affairs department said.

The protest against "needy veterans" being turned away from the military hospital while male immigrants were receiving hospital services, dentures, and glasses, was made in the commons by C.C.F. member for Kootenay West, H. W. Herridge.

That was my contention, Mr. Speaker. I am not blaming any of the officials or anyone in the department. I know that no eligible veteran has been denied treatment but I can prove that needy and destitute veterans knocking on the door of Shaughnessy hospital have been denied admission while immigrants and others were being well taken care of.

I am going to quote from the letter to which I referred earlier which indicates that my protest was quite correct based on the experience of the author of the letter. This man writes saying that he has a wife and three children depending on him. He has been unemployed since November 1956, received no unemployment insurance benefits and no relief but is in receipt of a pension of 20 per cent. His private doctor has informed him that both his feet are infected and that at age 58 the chances of recovery are indeed very remote and if something is not done

immediately amputation may be required. He indicates that he applied to Shaughnessy for further treatment and was denied it, he got the brushoff. He writes:

I am out of work. I have no money. The Department of Veterans Affairs are or seem to be reluctant about giving me the necessary treatment. They won't admit me to hospital.

He goes on to say that because of his unemployment he is suffering from starvation and also a lack of medical treatment. The man gives his complete history here and outlines the difficulties he has encountered since he returned from the war. I use this as an illustration to prove my contention is correct. I have a file here on my desk containing many similar letters.

Mr. Brooks: Could the hon. member give us the date on which this veteran made application to enter the hospital? Does he know if his file has been checked up?

Mr. Herridge: He gives his regimental number and all the other details. I will take up the case with the minister's officials promptly.

Mr. Brooks: I think in all fairness you should do that.

Mr. Herridge: He says that it was early in 1957 that he applied for treatment.

Mr. Brooks: Early in 1957?

Mr. Herridge: Yes. I am sure a man would not write in this tone and describe his situation so clearly unless the facts were correct. Before proceeding with what I have to say about the bill under consideration I urge the minister to have this situation investigated. I am one who believes that not a single veteran in Canada should be denied admission to a departmental hospital who requires treatment, because of his circumstances. I can tell the minister that some of the boys in the hospital were not too pleased to know that other veterans were denied admission. We make provision for many other people while needy veterans seek admission. I admit that these people have to be looked after but instead of provision being made for the veteran to be looked after by the provincial authorities which I was told was done on a number of occasions the immigrants should be cared for by the provincial authorities and payment made by the Department of Citizenship and Immigration to the appropriate authorities. I realize they have to be looked after but it causes a lot of discontent and ill-feeling when you find that veterans have been denied admission to the departmental hospital while immigrants are well cared for. I know the minister's officials do what they can to have veterans looked after by some provincial institution and so on but that is not good enough. The veteran has a first right to be given treatment in Department of Veterans Affairs hospitals. I know that the minister's heart is in the right place in these matters. I urge that he have this situation looked into and urgently have the regulations amended, a course of action which I think is necessary, so these needy cases can be cared for.

Mr. Brooks: I would appreciate very much if the hon. member would give the name and number of that particular case to the officials of the department so they could check up on it.

Mr. Herridge: Yes, Mr. Speaker, I shall bring them all to the attention of the departmental officials.

Mr. Brooks: Yes, at once.

Mr. Herridge: As I said before, the bill is welcomed by this group as offering a number of improvements but there are some omissions with which I want to deal. I am sure the minister will support me 100 per cent in the first omission I am going to discuss because we stood together in support of this omission in the past. I refer to the question of increasing the rates payable under the Pension Act by 33⅓ per cent. I do not want to take the time of the house to deal with it at length. I think the shortest way to deal with it would be to put on the record the opinion of the Canadian Legion as expressed in the brief presented to the Prime Minister (Mr. Diefenbaker) and the cabinet in November 1957. This outlines the situation very well indeed, as follows:

Historically, the scale of pensions was related to the common labour market. Some examples from the above tables show that this is no longer the case and that pension rates have failed to keep pace with the salaries and wages paid in the forces, the civil service and industry:—

(1) Cleaner and helper, one of the lower paid brackets in the civil service receive $300 less than a married 100 per cent pensioner in 1920. Today such a worker receives $510 more. His wages have increased over 223 per cent, the married pensioner's rate only 100 per cent.

(2) It should be noted that the rates shown on the chart for a private soldier are those which apply to an untrained recruit on entry. He may after four months' service, if he reaches the required standard of competency, get a further $72 per annum; after an additional 12 months he may get another $156 per annum. These increases are for the untrained soldier but do not take into account group pay for which tradesmen may be eligible. Thus a private soldier with 13 months' service and no previous experience would, if married, get $2,928 per annum as compared with $2,400 for a 100 per cent disability married pensioner.

(3) The wage index reflecting the rates paid workers in industry (logging, mining, manufacturing, trade, transportation, construction, light and power and personal services) shows that since 1920

the index has risen from 52.3 to 149.4 in 1956, which is an increase of approximately 185 per cent, whilst in the same period the rate for a married 100 per cent pensioner has risen only 100 per cent.

There is no question but that the standard of living as illustrated in these groups has permanently improved.

And we are all glad of it.

We submit that with due regard to all the difficulties of exact comparison, these figures indicate the necessity of an upward revision of the pension rates. This should be at least 33⅓ per cent over the 1956 rates in order to bring them more into line with the substantial increase in general wage rates in recent years. The Canadian Legion therefore recommends that the rates payable under schedules "A" and "B" of the Canadian Pension Act as of June 30, 1957 be increased by 33⅓ per cent.

I am quite sure the minister has not changed his mind on this matter in a period of 18 months or two years and I do urge that consideration be given to these representations when further amendments to the act are considered. Then there is another amendment lacking which the minister will remember was the subject of considerable discussion in the veterans affairs committee on a number of occasions. That is the one having to do with conditions not recorded on enlistment. If my memory serves me correctly, the minister was very keen on an amendment of this type being placed in the act in order to correct what he, with other members of the committee, considered was an injustice. The brief has something to say about this question and I am going to quote it because the Legion spent a lot of time in drafting it and have presented the case well with an economy of words. This is what the brief has to say on page 13:

We request that section 13 (1) (a) of the Pension Act be amended so that, where a pension applicant who served in an actual threatre of war is found to have a disability resulting from an injury or a disease not recorded on medical examination made on enlistment or prior thereto, such injury or disease shall be presumed to have occurred or had its inception subsequent to enlistment.

Whether a recruit is taken from the comparative protection of civilian life and subjected to the dangers and rigours of military life is determined by government regulation. The government, for the purpose of determining whether the recruit is physically fit and is to be accepted, gives him a medical examination. The nature and extent of such examination is under the sole control of the state. The examination is very comprehensive and rigorous. The findings are recorded. On the basis of such findings the government determines whether the recruit is to be accepted for military service and whether he is to be subjected to conditions of service in a theatre of war. Having full control of the recruiting and the character and place of the recruit's subsequent service, the government should abide, for pension purposes, by its recorded findings in such medical examination, supplemented by actual medical records in existence prior to enlistment.

[Mr. Herridge.]

How many times members of the committee made use of that argument throughout the years.

This is not so under section 13 (1) (a). Many war disabled veterans notwithstanding the ameliorating provisions of section 13 (1) (c) undoubtedly are denied pensions which they would receive if the government were to abide by the results of medical examination on enlistment or pre-enlistment medical records. This situation is particularly acute in cases involving mental or nervous conditions.

I have had one or two in that category brought to my attention.

The Legion submits that the Pension Act should be changed so that Canada's obligation will be honoured. The Canadian Legion therefore recommends that section 13 (1) (a) of the Pension Act be amended so that, where a pension applicant who served in an actual theatre of war is found to have a disability resulting from an injury or a disease not recorded on medical examination prior to enlistment, such injury or disease shall be presumed to have occurred or had its inception subsequent to enlistment.

Now, Mr. Speaker, we do not want to be unfair. We cannot expect everything to be done overnight by a government that has just recently taken office but the minister knows this has been the cause of considerable discontent and debate in the veterans affairs committee in past years and on behalf of this group I do urge him to give further consideration to this recommendation of the Canadian Legion, a recommendation which has been brought forward year after year because of the experience of the members of the Legion with the situation as it exists throughout the country.

There is another deficiency having to do with retroactive awards under section 31. Here is a matter that has also been dealt with by the committee from time to time and the minister knows the story just as well as I do. I am going to quote again from the Legion brief because I can say more in a few words.

We would advocate that it be made mandatory that when a decision is given favourable to the veteran, pension will be paid as of date of application. At present this is a matter which is left to the discretion of the Canadian pension commission, but section 31 (1) of the act limits the discretion to a maximum of 12 months. Section 31 (2) permits an additional six months when hardship and distress would otherwise occur, and section 31 (3) permits an additional 18 months pension where there are administrative delays beyond the applicant's control.

I think the commission has administered this section of the act very fairly indeed.

For a number of years after world war I pensions when granted became retroactive to the appearance of the disability or sometimes the date of discharge. As a result some awards involved large retroactive payments and it was argued that this fact made the commission extremely reluctant to grant the application. To do away with this psychological barrier a practical injustice was permitted in order

to secure a more unbiased consideration of the merits of the applicant's claim without being unduly influenced by the financial consequences of a favourable decision.

Experience, however, has shown that there are many cases of delay beyond the applicant's control which often result, under present regulations, in both injustice and hardship. We believe that the adoption of our recommendation will go a long way to rectify these abuses. . . . The Canadian Legion therefore recommends that all disability pensions when granted become effective from the date of application, but in order to allay fears of excessive awards going back to world war I jeopardizing the chances of the applicant, we append the following saving clause:

"This provision shall not apply to claims granted prior to January 1, 1946, and no retroactive payments shall be made for a period prior to that date."

I trust the minister will give that recommendation some consideration. I know that the present provisions of the act were finally placed in the act as the result of considerable discussion in the veterans affairs committee and representations by members of the commission and others. The Legion feels there is still a measure of injustice under the application of the present section.

I want to deal now with a section which is termed "Debts Due to the Crown" because I have had a few cases of this sort brought to my attention. While they are not frequent, on occasion there is some difficulty and some injustice done the veteran because of the present legislation.

The Canadian Legion has information indicating that it is the policy of the treasury board, where a veteran is in receipt of pension with respect to a disability attributable to military service and the Canadian government has a money claim against the veteran, to authorize the deduction of the amount of such claim from the veteran's disability pension. The Minister of Finance upon receiving such authorization thereupon makes the deduction.

The alleged basis of the above-mentioned procedure is section 95 (1) of the Financial Administration Act, which provides for the crown setting off a debt to it against a debt by the crown to its creditor.

We are confident that parliament did not have veterans' pensions in mind when it enacted section 95 (1) of the Financial Administration Act, and, moreover, that it would not have enacted that section in its present form if it had been informed that the section would be used to deprive veterans of their pension benefits.

We urge that the crown's obligation to make monthly payments under an award of the pension commission is not an ordinary debt such as is contemplated by section 95 (1) of the Financial Administration Act.

It is something different and of a much higher character. It is a moral obligation of Canada, acknowledged by the nation through its own tribunal, the Canadian pension commission, to ensure that the hardship to the pensioner resulting from his disability incurred in the service of his country shall be minimized. Having assumed that obligation the nation is, in the Legion's view, bound not to disavow it.

Parliament has declared by section 24 (3), formerly section 20 (3) of the Pension Act, that a pension may not be attached. The Canadian Legion says that this is a statutory confirmation of the special character of Canada's obligation to its disabled veterans. It is essentially a debt of honour. Parliament has in effect said and decreed that money payments arising out of that obligation must not be diverted from their purpose, that of ameliorating financial hardship arising out of war disability.

The Legion submits that the Canadian government is bound, if not legally then morally, by section 24 (3) of the Pension Act.

The Canadian Legion therefore recommends:

That in order to obviate all possibility of future diversion of war pensions section 24 (3) be amended so that it will specifically bind the crown.

Why should the crown not be bound in this respect when ordinary individuals or corporations are bound. I believe there is a section of the act that certainly should be amended according to the recommendation of the Legion.

I have a final complaint. I told the minister I was going to be a bit nasty this afternoon. My complaint is in connection with marital status under the act. I had a case recently which particularly brought to my attention the necessity for some amendment to this section of the act. The cases are relatively few in percentage, but very often innocent people are the victims of circumstances over which they had no control. In that connection the Legion has this to say:

There are Canadian pensioners and widows of deceased pensioners who have lost pension rights because of their marital status. In these cases either the man or the woman was married peviously and obtained a divorce outside of Canada which is not recognized under Canadian law.

I dealt with a case like that just last month.

Therefore the second form of marriage is held to be improper by the Canadian pension commission which refuses to recognize the wife for purposes of additional pension, and when the man dies it similarly refuses to recognize the widow. In some cases the commission has previously recognized the woman and paid additional pension during the man's lifetime and then after his death discovered the invalid divorce and refused to recognize the widow. The commission has exercised its discretion in some cases but there is evidence that it does not always do so.

There are other instances where a separation has occurred and as a result there is an impediment to marriage creating a situation comparable to an unrecognized divorce.

There are not many of these cases but those that have come to our attention have been tragic.

That has been my experience.

With respect to those that result from an unrecognized divorce there is little doubt but that the parties concerned acted in good faith and felt that they were free to remarry.

The commission, following a meeting in January 1955, asked the Legion what is could suggest as a remedy to this problem.

This is their suggestion:

We believe that it could be remedied by a provision similar to section 30 (11) (b) of the War Veterans Allowance Act, but worded so as to take care of the widows also. . . .

The Canadian Legion therefore recommends: That a clause similar to section 30 (11) (b) of the War Veterans Allowance Act be included in the Canadian Pension Act, and further, that this clause be so worded as to provide for the widow.

Now, Mr. Speaker, as I said when commencing my few remarks, we in this group welcome the amendments provided in this bill, but we also urge the minister to give consideration to the other representations of the Canadian Legion. There is only one representation, sir, that will affect a large number of people, and that is the one asking for a 33⅓ per cent increase in the basic pension rate. The other amendments that I have outlined affect relatively few people, but the people affected are entitled to justice as well as the larger number, and the present act causes a certain injustice in those cases. On behalf of this group, I do ask the minister in the time between now and the next session to give serious consideration to these representations and give effect to his own previously expressed wishes by amending the act to meet the requests of the Canadian Legion.

Mr. Monteith: There was a discussion a few moments ago to the effect that we might continue discussion of the unemployment assistance measure at 5.15. If that would be agreeable to the house, we might leave this order of business upon which we are engaged at the moment and proceed with this other matter.

Mr. Chevrier: If I might say so, that is quite satisfactory. I understand it is satisfactory to the hon. member for Winnipeg North Centre (Mr. Knowles) who speaks on behalf of his group.

If that is the case, and I have the permission of the house, I should like to make one or two observations. I should like to follow up the question which I asked the minister earlier.

Mr. Knowles (Winnipeg North Centre): The proposal is acceptable to us, but should we not have the debate in which we are now engaged adjourned and start on the other order of business?

Mr. Carter: I would move the adjournment of the debate.

On motion of Mr. Carter the debate was adjourned.

UNEMPLOYMENT ASSISTANCE ACT

AMENDMENTS TO REMOVE THRESHOLD PROVISION FROM AGREEMENTS, ETC.

Hon. J. W. Monteith (Minister of National Health and Welfare) moved the second reading of Bill No. 240, to amend the Unemployment Assistance Act.

Hon. Lionel Chevrier (Laurier): I had asked the minister what the attitude of the province of Quebec was with reference to the resolution, and whether or not the province would enter into agreements. I think the minister answered that while he hoped that there would be an agreement between the federal government and Quebec, such was not the case at the moment. I wonder if he could say, when he rises, whether or not any negotiations or any discussions have taken place between the two bodies leading to an agreement.

While I am on my feet I should like to clarify the attitude which I adopted last night in discussing this matter. I did not think it was necessary to do that because surely it is possible for an hon. member to get up and question certain parts of a bill without, for that reason, being opposed to it. Next, my position and certainly the position of this side of the house, was clearly indicated when we assured the minister that we were willing at once, following disposal of the resolution, to move on to second reading of the bill. This is indicative of an attitude of co-operation and not one of opposition.

This leads me to the statement that there is no difficulty about my position, which is that of supporting the bill and voting for the bill, because it is going to increase the contributions to the provincial governments. The point I was making was that because of the amendment which was made to the British North America Act which authorized the federal government to enter into the field of unemployment insurance, that did not authorize the federal government to enter into the field of unemployment assistance. In that case I feel, as I am sure most hon. members on this side of the house feel, that for that reason this bill is an impingement upon provincial rights.

I do not want to repeat what I said last night but it strikes me that there can be no doubt about that, not only because of the constitutional position as it stands today but I am sure most hon. members who have given this matter any thought would feel that way about the matter. But what amazed me more than anything else was that the province of Quebec which as a rule takes quite a strong stand against the infringement of provincial rights would, through the head of its delegation at the provincial conference, as I understand it did, adopt the position that the federal government should go all the way and pay all of unemployment assistance.

I thought I should make these points. They should not be surprising to the hon. member for Winnipeg North Centre (Mr. Knowles). Surely it is possible to say in the house that one is against certain views. Surely it is possible to say that a bill infringes upon provincial rights and still support it because

of the fact that the provinces and incidentally the municipalities are going to be assisted. My position also was brought about by the fact that during the campaign some fairly strong statements were made as well as prior to the campaign over a period of years, by the former leader of the opposition and other hon. members who now sit on the other side of the house, to the effect that there would be a positive decentralization of these matters if they took office. It strikes me that in this case there is just the contrary. There is a tendency to invade the field of public assistance, leaving very little in that field other than perhaps mothers' allowances and several other smaller matters. For that reason it seems to me that the position which I have taken is quite tenable.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we had a debate on this matter at the resolution stage. In the meantime we had a chance to look at the bill and I do not think it is necessary to debate it at length at this stage. One of my colleagues has a few remarks of a general character which he will be making while Your Honour is in the chair, but our position is clear. We feel that there is nothing wrong about federal assistance to the provinces in fields such as moneys for disabled persons, blindness allowances and other such measures. Accordingly we do not see that it is wrong for the federal government to assist the provinces in the field of assistance to the unemployable unemployed. We therefore have no difficulty in voting for this measure. We are also prepared to vote for it because it puts a few more dollars into the provincial treasuries.

I confess that I am still amazed at the position taken by my friend the hon. member for Laurier (Mr. Chevrier). There is nothing else that this bill does but to provide money to assist the provinces in their payments to the unemployable unemployed. If he thinks that is an infringement upon provincial responsibility it seems to me that his course should be to vote against the measure. But since we are for it, I am glad to know that everybody else is for it as well. Nevertheless we think we express the disappointment of the Canadian people that, after all these years during which it has been contended in many quarters that there should be 100 per cent federal responsibility for the employable unemployed that contention is still not being implemented in the legislation that is now before us. We hope that even yet we may reach that point. I am glad to hear that my hon. friends of the Liberal party now say that they still take that position. I hope that between us we may yet be able to persuade the government to go that far as well. Nevertheless, as we have already made clear at the resolution stage, we support this legislation as far as it goes.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, so far the discussion, chiefly on the resolution stage, has dealt with the technical implications in this proposed resolution. I do not wish to get involved in that particular part of the debate because there are others who are far more capable of investigating the technical fields. However, I was glad to hear the hon. member for Laurier (Mr. Chevrier) somewhat shift his ground, as we reached second reading of the bill, from the position he had taken earlier. I was becoming concerned, on hearing him talk about the invasion of provincial rights, because it is rather unusual to find an hon. member from his party taking a position politically to the right of the premier of Quebec. I was afraid that he was quickly going to become the sole surviving Canadian Dixiecrat of the Canadian House of Commons. But apparently he is prepared to go along with this bill at this time.

The point I wanted to raise at this particular juncture of the debate is that we are in danger of losing sight of the chief objective or the chief purpose toward which this parliament should be working with regard to employment. Certainly we are in favour of doing everything possible—whether it is at the federal level, the provincial level or the municipal level or any combination thereof—to alleviate the effects of unemployment and to do something to alleviate the suffering that may result from prolonged periods of unemployment. But I am afraid that this is the kind of legislation which, as I am sure you will agree, Mr. Speaker, we all hope will not be required. I think we all believe that it would be far more desirable if we could do something to keep the level of employment in such a state that not only would there not be any crisis in unemployment but that even the .45 formula would not have to come up for consideration.

The present situation seems to be, on the basis of the latest figures, that we are approaching very rapidly a figure of 400,000 unemployed in this country. I wonder if we assess the full significance of what is happening. On a very conservative estimate, —and I use the word conservative with a small "c" there—if there are 400,000 unemployed, and if the loss in work that could be performed or products that could be produced were taken conservatively at $10 a day—and that in this day is a very small figure—that would be a loss of $4 million a day,

which would come to approximately $120 million a month. That figure in itself indicates how costly and expensive unemployment can be. That is taking into consideration only the financial side of it. When we take into consideration the human side of it,—the uncertainty, the fears, the doubts and the worries that go along with unemployment and what it does to the average family—then of course the cost is incalculable.

I am wondering why the government has not, even in the course of this debate or at any previous time when unemployment was being discussed, made some announcement of some long range plan, something more imaginative and bold than has been indicated by the previous administration or so far by this administration. I am thinking of something like the setting up of a national employment commission which would lay the emphasis not on looking after the unemployed but on providing the widest possible opportunity for employment. In other words, they would look at the positive side of this question rather than the negative results. I believe a commission of that nature could be very useful and could do a great deal in co-operation with the provinces and the municipalities. Certainly if such a commission were set up and were given authority by this parliament to enter into negotiations, discussions and agreements with the provinces and the municipalities, in my view that would be one of the finest and easiest ways of overcoming this continuing argument that comes up again and again as to who enters into another field of endeavour, and the question of infringing upon provincial rights or provincial autonomy.

I say this because an agreement of that nature would mean that under the terms of this bill they would be empowered by negotiation and agreement to enter into public works and long-range plans and winter employment programs with the provinces and municipalities, provided that the financial basis upon which to make all those things possible was provided by this parliament. I think it would grip the imagination of the Canadian people and would give us a sense of national enterprise which I think is lacking today.

I have been in this house for a considerable number of years now and have heard hundreds of debates and arguments about public enterprise and private enterprise and the relative virtues of the two or the virtues of one as opposed to the other, but I have never heard any member of the government bring forward an imaginative program which we could call a national enterprise in which there would be room for public enterprise, private enterprise and co-operative enterprise, but with the emphasis on enterprise. I believe we have the kind of country which needs that kind of leadership and that type of leadership would result in the minimum need of this kind of legislation.

To give an example of what such a national commission could do, I might take the suggestion which was made by a member who was on this side of the house, I believe last year or two years ago. That member was the hon. member for Brandon-Souris (Mr. Dinsdale) who is now one of the parliamentary assistants on the government side. At that time he brought in a resolution to deal with the dispersal of industry and he pointed out that there was a potential for small processing and manufacturing industries, particularly but not exclusively in western Canada. The possibilities, of course, are great both to the east and to the west of our national capital and this is a time when I believe the hon. member for Brandon-Souris would be doing a great national service if he would put these arguments and ideas before the government and bring them to the attention of the Minister of Labour (Mr. Starr), the Minister of Public Works (Mr. Green), the Minister of Trade and Commerce (Mr. Churchill), and try to persuade them to take some positive steps along those lines in the near future.

Statistics show that in the last six years there have been almost 50,000 farmers who have left their lands—that is taking the whole area right across Canada. On the prairies the process has been perhaps more speedy than in any other province. We are losing our farm population by the thousands in every one of our rural communities in western Canada. Now I may be asked "what has that to do with this legislation?" It has this to do with it. Every time a farmer leaves his land and goes into the city to seek employment he is creating more than the normal employment problem. In the average farm family there would be more than one working adult and as long as they stay on the farm they are not in the labour market. They are their own employers but, the minute they leave that farm and enter the city they have in my opinion made a very fatal decision because they have decided to stop being their own employers and to throw themselves on the mercy of some other employer. Now I am not critical of such persons as they may do so as a matter of necessity or as a matter of choice, but it is a process which has been going on and which is going on and which I believe is a very dangerous process if we should run into any further unemployment difficulties.

Now, if we had small manufacturing and processing industries dispersed throughout our

farming areas, particularly in the prairie provinces where we do not at the present time have many such industries, many of which have to be planned and initiated by such a planning commission as I have described and perhaps even initially financed by the federal government, this would in my opinion be a sound investment.

Small industries would have a stabilizing effect in keeping farm families on the farm. It is well known there are many farms today, I believe, particularly in the province of Quebec, where the people would not be living on the farm at all since the land is not capable of sustaining a sufficient income if it were not that they lived somewhere in the vicinity of a pulp mill, paper mill or a mine of some kind where they may obtain part-time if not full-time employment. This makes it possible for them to stay at home on the farm and supplement their farm income with a certain amount of income from employment in industry.

Now in western Canada such a program is particularly important and would have very beneficial results which would help to stem this tide of families leaving the farms and seeking employment in industrial areas, thus boosting the large unemployment figures. At the same time it would make it possible for those who find it difficult to maintain themselves on a farm income to do part-time work in the off-season period so far as farms are concerned and would enable them to earn sufficient extra income to keep their families together, maintain themselves, and stay on the land.

Apart from the opportunities I have outlined, I would like to draw the attention of the government to the obvious opportunities before us that were mentioned the other day in another context. It does seem rather strange, and in fact a little ridiculous, that a country such as ours where no one seems to think we lack resources, the physical capacity to produce or even financial resources, that we are not somehow able to relate the financial and the physical possibilities in order to provide full employment and full production in our country.

As I have already pointed out, we are losing approximately $4 million worth of labour per day as a result of unemployment at the present time, over $100 million a month. If that amount of money were to be put into useful public works projects—and I am not talking merely about providing employment per se but providing employment through socially useful public works projects —we would be recovering that money in a valuable way. If the government wants some ideas as to where such employment could be found or what could be done, I will give them a few recommendations or suggestions.

If they would look at recent reports on the position of our educational facilities across Canada I think they would find there is a tremendous need for school construction. As a former schoolteacher I can assure the house that I have followed the position of our educational facilities very closely, even though I am no longer active in that field, and I find there is a tremendous amount of replacement to be done. There are many small schoolhouses, built 40 or 50 years ago, which ought to be replaced with buildings having modern facilities. The same might be said of many of our hospitals and other public institutions which are crying out for replacement. The materials are there and labour apparently is there, almost 400,000 men. Somehow the government up to this time, however, has failed to relate these two things and to produce the socially necessary institutions.

There are many demands in every province in this country of ours and yet we do not have full employment at the present time. It is not something that needs any great amount of planning or great technicians or scientists; all it needs is a little bit of common sense and then we can get right down to work.

I mentioned the other day in a question to the Minister of Citizenship and Immigration (Mr. Hamilton) the question of houses on our Indian reservations. I do not refer to the reservations in eastern Canada but those in my own province.

I happen to have five Indian reservations in my own constituency, and I can say that the housing conditions of most of them are disgraceful. Many of them are living in log shacks, shacks which are broken down and no longer suitable as residences, and at least a few of these Indians happen to be right alongside large sawmills where there is a huge surplus of lumber waiting to be sold. At the same time there is unemployment in the area, yet somehow the government cannot manage to relate this raw material this available labour and these log shacks and provide the Indians with decent frame houses in which to live in some measure of comfort. This is one of the things which could be done right away to bring a measure of relief to the situation.

And what about homes for our senior citizens? What about schools for the technical training of our young people? News stories have appeared recently showing how far behind this country has fallen in relation to the training of scientists. Here is a field which could be tackled right away. Let us provide the facilities to give our young people

the education and the technical training to fit them for the new kind of world in which we are living and in which we are likely to be living in the future.

These are random ideas, Mr. Speaker, but the main thought I should like to leave with the government is this: it is nothing short of ridiculous to have a position where we are losing approximately $4 million worth of labour a day, and in which there are thousands of things to be done at a time when we have all the materials necessary to do these things and plenty of resources behind those materials to replace them when they are used. I know that this government is firmly attached to the idea that private enterprise can do everything, but let them swallow their pride to some extent, throw that book away and say that what is required now is a little imagination and the use of all forms of enterprise. If this is done I think we will reach the stage when this type of legislation will no longer be required.

The Acting Speaker (Mr. Rea): If the minister speaks now he will close the debate.

Hon. J. W. Monteith (Minister of National Health and Welfare): I will be very brief, Mr. Speaker. The hon. member for Laurier (Mr. Chevrier) asked me a few moments ago if Quebec would enter into the agreement and whether there have been any discussions. All I can say is that to the best of my knowledge, and certainly not on my level, there have been no discussions. I cannot say there have been none at the technical level, or the official level, but there has been no indication as far as I can tell at the moment, to that effect. I would say that we are, of course, hopeful that Quebec will come in. The offer is open to all provinces in Canada. I am very pleased to hear that the hon. member for Laurier is going to support the bill. There is no doubt that if there is any invasion of provincial rights it is certainly no more so than the Blind Persons Act, the Disabled Persons Act and the Old Age Assistance Act, all of which acts were instituted by the previous administration. I would just emphasize that we firmly believe in decentralization just as much as possible, taking into consideration the all-embracing attitude of the previous government.

The hon. member for Dauphin (Mr. Zaplitny) made a very interesting speech, and all I can say to him is that we do agree that as much as possible and in as many ways as possible we should do something to assist those who are unfortunate enough to be unemployed. This, in our estimation, is one way of giving such assistance. In one way or another our assistance goes to the provinces and, indirectly, down to the municipalities and we assume it does eventually assist in relieving the unemployment situation. I will not say anything further about unemployment because, as I said earlier, I think this is a matter for discussion at a time when the labour estimates are considered.

Mr. Pickersgill: The minister was going to tell us about what had been done with regard to the agreement with Manitoba. Is he going to do that in committee?

Mr. Monteith: I will be happy to.

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

On clause 1—*Form of Agreements.*

Mr. Pickersgill: Mr. Chairman, I should like to ask the minister if he would tell us what precisely has been done with regard to the points raised about Manitoba? Would he at the same time tell us what the situation is with respect to discussions or negotiations with Nova Scotia and Prince Edward Island which I understand are the other two provinces which have no agreements.

Mr. Monteith: Mr. Chairman, I think I will have to ask my officials with regard to some of the details, but I can tell the hon. member something concerning the agreement reached with the Hon. Mr. Bend of Manitoba.

Manitoba estimates recorded as part of the mothers' allowance case load and cost that there were certain charges which, until two years ago, had been accepted by the provincial government as part of their mothers' allowance and appeared as such in their estimates. Now they claim that this is a category—deserted mothers with children—which under the Manitoba child welfare act was charged to the mothers' allowance vote, but to which the federal government should have provided assistance.

There was another category, namely scholarships or bursaries paid to the children of mothers' allowance recipients. It was subsequently agreed, I think amicably, between Mr. Bend and myself that we should pay for the first class I mentioned—I might add that this was a hangover from the previous government—but that we should not pay for the second class.

Mr. Pickersgill: What about the statement Mr. Campbell made about the case that had to be referred to the exchequer court?

Mr. Monteith: I did suggest, in a previous letter, that, as there was an appropriate provision in the agreement, if there was a difference of opinion possibly the best thing to do would be to appeal to the exchequer

court. That provision is in the agreement, namely that any province which does not like our decision with regard to the interpretation of the regulations has that privilege. We seemed to feel for some time that the appropriate course would be to make that appeal to the exchequer court.

But when Mr. Bend and I sat down and discussed the whole thing for the first time I understood his problem concerning these deserted mothers better than I had. I could see that he had a point in declaring that they should be in on claims for assistance from the federal government and as a consequence I gave way on that point and he decided he did not have a just claim on the child bursaries.

Mr. Pickersgill: The premier raised the question of families dependent on disabled men. Was that question settled as well?

Mr. Monteith: No, that has not been discussed with Manitoba but that province is in the same position as the other five provinces with regard to that particular point.

Mr. Pickersgill: Well, the premier said it was not.

Mr. Monteith: I understand that Alberta is the only province that has provision for disability cases but the other provinces are in exactly the same position.

Mr. Pickersgill: The minister was also going to tell us about Nova Scotia, Prince Edward Island and Alberta.

Mr. Knowles (Winnipeg North Centre): Not Prince Edward Island.

Mr. Monteith: You said Prince Edward Island.

Mr. Pickersgill: I admit I made a mistake in mentioning Prince Edward Island.

Mr. Monteith: No, Mr. Chairman, we have had no word from either Nova Scotia or Alberta as to their intentions under the proposed change in the act.

Mr. Pickersgill: Then I would ask the minister this question. I said, at the resolution stage, there was no discussion about this at the federal-provincial conference at all, this was just a straight take it or leave it proposition coming from the Prime Minister. Now it appears quite evident from the discussion we have had so far that that is precisely what it is. The minister admitted that he had no discussion with Nova Scotia, Alberta or Quebec. He did not say that about Ontario. Of course, I have my own suspicions about Ontario. Indeed I have my suspicions about where the idea of this proposal really came from; it was just to save the face of the premier of Ontario but at any rate it is going to provide a little incidental advantage to some of the other provinces.

It does seem evident that all there is to this measure is a straight take it or leave it proposition from the federal government. If I be unfair and if the minister thinks I am wrong—

Mr. Monteith: I certainly do.

Mr. Pickersgill: —let him answer my questions. Was it discussed before the conference? Which provinces asked to have this particular thing done? When did it happen?

Mr. Monteith: Mr. Chairman, I think I have already explained my situation in this regard. I have answered questions in the house to the effect that there had been discussions with Ontario. As I recall it, Premier Stanfield indicated at the dominion-provincial conference that he was pleased that this would happen.

Mr. Pickersgill: After the proposition had been announced in a "take it or leave it" attitude.

Mr. Monteith: There have been no official approaches by either Nova Scotia or Alberta.

Mr. Pickersgill: Or Quebec.

Mr. Monteith: Or Quebec; I mentioned that. There have been no official approaches as far as this change in the act goes. Let me remind the hon. gentleman that as far as a take it or leave it attitude is concerned there was nothing of that sort at the recent dominion-provincial conference as compared with the degree to which that attitude was exhibited in previous dominion-provincial conferences held when the government to which he recently belonged was in power.

Mr. Pickersgill: Well, Mr. Chairman, it is very easy to make assertions but the hon. gentleman has not offered one tittle of evidence except to mention what I suspected all along that this was asked for quietly and privately by Ontario.

Mr. Monteith: That is only your statement.

Mr. Pickersgill: Well, produce your evidence instead of just making assertions. I do not think there is the slightest evidence but if you think you have any, produce it. That is all I am asking.

Mr. Monteith: You have not got any.

Mr. Pickersgill: If the hon. gentleman will produce his evidence I will accept it at once but he has produced none. The Prime Minister said that this was asked for by someone but he did not say who. I read the quotation earlier today. He indicated that

it was asked for by someone but he did not say by whom. I have been trying to find out all day who it was that really asked for this. There is no evidence anywhere on the record that any provincial government asked for this measure before the conference. The Prime Minister spoke first and he said, "You can have this," and it was obvious from his attitude that it was a handout.

Mr. Monteith: There has been correspondence tabled on it.

Mr. Pickersgill: On unemployment assistance? No, none.

Mr. Monteith: Certainly.

Mr. Pickersgill: If the hon. gentleman would cite specific correspondence on this question I would be interested in seeing it.

Mr. Monteith: It was done on a motion by the hon. member for Essex East calling for the tabling of correspondence since June 10. It has been tabled; go and look it up.

Mr. Pickersgill: With Ontario? Has there been correspondence with any other province?

Mr. Monteith: I do not know.

Mr. Pickersgill: Well, you are the minister. If you do not know, who does?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, clause 1 involves substituting a new agreement for the two agreements that were scheduled to the original bill. It is often indicated to us around here that there are discussions between Ottawa and the provinces when agreements are being drafted or altered. May I ask the minister if there were discussions with the participating provinces, or with all ten of them for that matter, as to the changes in the form of the agreement from the form as in the act to the form in the amending bill?

Mr. Monteith: Only in so far as the abolition of the threshold is concerned. Under the old bill we were required to have a separate agreement with Nova Scotia but under the new agreement with the abolition of the threshold one agreement will suffice for everybody.

Mr. Knowles (Winnipeg North Centre): Yes, but a few other changes, even if they are not substantial, are being made in the agreement which I take it the provinces will have to sign in order to continue to draw the assistance they have been receiving and in order to draw assistance for those under the threshold. I think it is a fair question to ask whether there were discussions with the provinces as to the form of this agreement before it was put in this bill and submitted to the House of Commons?

Mr. Monteith: Well, Mr. Chairman, we are taking out only those provisions which might be described as obsolete, dead and no longer required. I think that is the only change.

Mr. Knowles (Winnipeg North Centre): I am prepared to admit all that but I still think it is a fair question to ask if there were any discussions with the provinces as to the change in the form of the agreement before the agreement was submitted to the House of Commons?

Mr. Monteith: No, Mr. Chairman, I will have to admit that there were not.

Mr. Pickersgill: Take it or leave it.

Some hon. Members: Oh, oh.

Mr. Cardiff: Try and get your own party off the hook on that statement.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, this is a serious matter. We have been used to it across the years from the former government and I am sure we will be told the same thing by this government whenever we ask for something to be done involving the provinces, namely that they have to be consulted before something is handed to them on a take it or leave it basis.

Mr. Pallett: The government changed on June 10.

Mr. Knowles (Winnipeg North Centre): I did not hear that remark.

Mr. Pallett: I said that the hon. member attributed certain dealings and attitudes to the previous government and I remind him that the government changed on June 10.

Mr. Pickersgill: And now we have a real take it or leave it attitude.

Mr. Knowles (Winnipeg North Centre): There have been some changes and apparently one is that so far as this agreement with the provinces is concerned it was drafted and presented to them on a take it or leave it basis. I think that is hardly in keeping with the basis on which the federal government and provinces should get along.

Mr. Pickersgill: The minister has already admitted there was a take it or leave it attitude.

Mr. Knowles (Winnipeg North Centre): I wish to say something else about the agreement but I guess I will have to leave it until eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'colck.

Mr. Monteith: Mr. Chairman, I should like to make one brief statement to the effect that this legislation never has been and is not a take it or leave it proposition. The amendment we are proposing to the act is a most generous offer to increase approximately four times the federal contribution to unemployment assistance, or from $5 million to approximately $20 million per annum. There is no doubt that such action by the present government does cause some concern to the opposition. May I say very forcibly that this amendment has brought great satisfaction to the provincial governments and, of course, to the municipalities which in the long run stand to benefit most.

Would anybody really suggest that the provinces should be consulted about the deletion of words applicable back to 1955? They have no possible effect now. Section 8 is deleted and this section was put in the act only to allow ratification of the six provincial agreements signed prior to the passing of the federal legislation in June, 1956. It has no further force or effect.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the minister admitted just before six o'clock that the provinces had not been shown copies of the revised agreement which is the schedule to the bill and which is under discussion because it is referred to in clause 1. I admitted that there were few changes of substance in the agreement other than the dropping of the threshold and the provinces of course knew that that was contemplated. Nevertheless, the minister had to admit that the form of the new agreement had not been shown to the provinces before it was presented to us in this bill.

The minister now comes back after the supper hour and tries to persuade us that it is not on a take it or leave it basis because it is nothing other than a generous offer. I have seldom heard figures used in the way that the Minister of National Health and Welfare used them a few minutes ago. He made the statement that the bill has as its purpose increasing by four times the money available to the provinces, and to prove that statement from his standpoint he said that it raises the amount from $5 million a year to $20 million a year. I insist, Mr. Chairman, that when one is comparing figures one should compare figures that are comparable. The minister is doing no such thing.

The $5 million he talks about is the amount the six participating provinces are now receiving above the threshold. If no other provinces come in and only these six continue to participate, the increase to them as the result of this legislation will be $2,450,000, an increase from $5,100,000 to $7,500,000 odd. The minister gets the $20 million figure by comparing the $5 million that the six provinces are now getting above the threshold with what the ten provinces would get if they all came in, both above and below the threshold, and that is making a comparison of things that are not comparable at all. I simply express my amazement that the minister chose to argue in that way.

Of course, the bill gives something to the provinces but to the participating provinces it gives an increase of only $2,450,000, an increase of only 50 per cent and not the fourfold increase to which the minister referred, and I submit that that does not detract from the admission he had to make prior to the adjournment at six o'clock that the form of the agreement was not submitted to the provinces before it was presented in parliament.

We were talking about the agreement, Mr. Chairman, the form of which is in the schedule referred to in clause 1 of the bill, and there is something else I should like to ask the minister about that agreement. He made it clear in the debate this afternoon that he has read the debate that took place in 1956 when the Unemployment Assistance Act was first enacted. He at least read the speech of the then minister of national health and welfare because he quoted from it or referred to it a number of times this afternoon.

Mr. Monteith: Just once.

Mr. Knowles (Winnipeg North Centre): Just once? Well, even once makes it clear that the minister read that speech. I wonder whether he also read the many speeches made on that occasion by the chief spokesman for his party at that time on this matter, the hon. member for Hamilton West who is now Secretary of State. Let me make it clear that she took a position that some of us did not take and she took it very strongly. She criticized the former government vigorously and vehemently for not sharing in the health and hospital costs of the employable unemployed. She complained bitterly that the agreement was drafted in such a form that those costs were excluded from the kind of expenses in which the federal government would share. She came back to that repeatedly. She called it nonsense for the former minister of national health and welfare to talk about the federal government sharing in these costs to the

extent of 50 per cent and she used some pretty powerful language with regard to the matter.

I wonder whether the minister has paid any attention to what his colleague said on that occasion. If so, why is it that no change has been made in that and why are these costs, about which the member for Hamilton West complained, still left exclusively to the provinces and the municipalities?

The Chairman: The hon. member for Joliette-L'Assomption-Montcalm.

Mr. Knowles (Winnipeg North Centre): Has the Minister of National Health and Welfare no answer to that question?

Mr. Monteith: I do not think any particular answer is required. As I suggested when the committee resumed this evening, we are undertaking at the moment to make a contribution to unemployment assistance on a greater scale than has been done before. That is the simple purpose of the bill.

(*Translation*):

Mr. Breton: Mr. Chairman, I would like to say a few words on this bill. First of all, I want to commend the government for this alleviation of unemployment. I also would like to say that in view of the conditions now developing in Canada, I think this government should make a still greater effort toward a solution of the problem.

One of my saddest experiences has indeed been to see how many people come to us in our offices asking for jobs because they don't qualify for unemployment benefits.

I do not know who was saying some years ago that the mortal sin of democracy was to let people be unemployed. Our society is responsible for the unemployment of the labouring masses who were attracted to the cities by industries that later left them jobless.

According to figures given by an association which met recently with the Minister of Labour (Mr. Starr), there are at present 800,000 people who do not come under the Unemployment Insurance Act. That is over 10 per cent of our labour force. In rural districts like mine, this proportion is even greater in these difficult times.

I therefore commend the government for improving the act, but I do regret that it did not do more. I understood it was going to introduce far-reaching reforms not only in unemployment insurance, but in our social system in general, since it claimed to be filled with good intentions.

As for me, whatever government may be in power, I will never fail to approve of any legislation providing help for those who have to rely on public assistance.

I have already said that legislation stands in need of continued improvement. I feel that at this time, because of the unemployment which is far more acute this year than anything we have known since the war, we should be prepared to do more.

I have attempted to understand this problem of unemployment by looking at statistics. If I look at the monthly bulletin put out by the *Labour Gazette* I must admit that the information provided there is unfortunately altogether incomplete. We are given figures about men at work, we are told how many claims there have been for unemployment insurance benefits, the amount of claims allowed and so on, but we are not told how many unemployed do not qualify for benefits. How many unemployed are at this time not entitled to unemployment insurance benefits? We know nothing about it. To understand perfectly the problem of unemployment as it exists in this country, the *Labour Gazette* should publish fuller information. All we can do about this matter at this time is to act on feeling alone, knowing nothing of the basic factors of the problem.

Newspaper reports tell us that at the present time there are 392,000 unemployed. How many of those people do not receive unemployment benefits?

Moreover, there is confusion, as was stated quite often in the past, between statistics of the dominion bureau of statistics and those of the unemployment insurance commission. One thing is certain. It is that the unemployed care little about statistics. That is what happened not so long ago in Vancouver when a Conservative member tried to explain to 1,000 unemployed people that, owing to the present policy of the government, there was more work available than last year. These people replied: "What do we care about your statistics, give us jobs."

If we are to maintain the prestige and value of our democratic system, the government must take strong measures, even if it has to resort to deficit budgeting. Its first duty is to fight unemployment efficiently.

Recently two hundred Hungarians clamoured to be sent back home because they had failed to find in Canada the jobs they had a right to expect. Today the first right of man, after his right to live, is the right to work. In my own country, I see healthy people of 45 or 50 years of age who are jobless.

People at 65, in perfect health, who could still be useful to society cannot find jobs; qualified engineers with an experience of 10 or 15 years, at a time when we complain

about a shortage of engineers in Canada, are turned down because industry cannot pay them a decent salary. I am therefore inclined to think that there is something wrong with our system. I take this opportunity to urge our national authorities to assume their responsibilities instead of being satisfied with half measures.

What I am saying today, I have said before; I have always held the same opinion. A country as rich as ours; one of the leading democratic countries which now sets itself as an example for other countries by its broad-mindedness and its tolerance; a country anxious to take an important part in international affairs, must start by putting its own house in order. This unemployment problem being extremely important, we must strive first and foremost to find a solution to it. Any government which can solve that problem shall deserve our gratitude.

(*Text*):

Mr. Fisher: Mr. Chairman, the hon. member for Bonavista-Twillingate seems to have bothered the minister somewhat by asking him to make some statements in relation to the province of Ontario in so far as this particular proposal is concerned. I feel that perhaps as an Ontario member the minister might be a bit more liberal with his information by giving me some answers in relation to the position of Ontario in connection with the negotiations that have preceded this measure.

I have received from the city of Port Arthur a copy of a resolution that was passed around by a number of cities, approved and sent to Premier Frost about a month ago—and I believe it was also sent to the present federal ministers—asking for immediate action on this question. We therefore know that the government of Ontario was under pressure from the municipalities to take advantage of the legislation. Obviously there has been a switch in the approach that Mr. Frost had towards this bill. Is that switch as a result of some negotiations with the minister? Are these changes exactly what Mr. Frost wants? Have we an assurance that Ontario will sign or take up this agreement that is contained in the new bill. How much money will it mean to Ontario and hence to the municipalities in the way of assistance? How much of this money that is going from the federal government to the provinces under this act will go directly to the municipalities? Will the provincial government—and this is an accusation that I have seen in the Toronto press—retain at least 10 per cent of this money for themselves or in other words for their administration? Has the minister any of the answers to those questions?

Mr. Monteith: I think I have given some of those figures previously to the hon. member for Winnipeg North Centre. The hon. member for Port Arthur mentioned that there had been a petition from the city of Port Arthur to the provincial government. I think that is what the hon. member said.

Mr. Fisher: Yes.

Mr. Monteith: I can understand that concern on the part of the city of Port Arthur. As I mentioned earlier, I have tabled correspondence with the province of Ontario which we have had since June 10 on this matter of the possibility of the province of Ontario signing an agreement under the Unemployment Assistance Act. As to the other provinces, there were six which had signed prior to July, 1956, which agreements were ratified at the time of the federal legislation at that date. It seemed only reasonable that as time went by other provinces might be interested in joining and signing agreements with us. As I intimated earlier, I hope all ten provinces do so.

Mr. Barnett: This question as to whether or not there was adequate consultation with the provinces before this proposal in the schedule to this bill was brought into parliament I think has some rather interesting aspects. My colleague the hon. member for Winnipeg North Centre has brought this point forward. Some of us in the house listened to the exchange and the discussion that took place between the minister and the hon. member for Bonavista-Twillingate. We all realize that in times past in this house when the party to which the minister belongs was sitting over here on the opposition side we used to hear quite a bit about this question of the need for consulting with the provinces. If the minister is inclined to think that some of us who are still over on this side of the house are unduly concerned about this matter in view of the explanation he has given, I should like to suggest to him that perhaps part of that concern results from the kind of interjections that were made by the hon. member for Peel earlier this afternoon and which were designed to emphasize something which he and many of the Conservatives in this house and outside of the house have been doing, namely trying to create the impression throughout the country that somehow, under the leadership of the present Prime Minister, a great new era of dominion-provincial relations has been ushered in. I am sure the minister will understand that some of us over here may have some scepticism on this subject and that we are still open to be convinced by something more than the sort of thing we heard on the

election hustings. I do not see that the minister should be worried whenever questions are asked by people like the hon. member for Winnipeg North Centre on this subject.

Mr. Monteith: Did the hon. member say "worried"?

Mr. Barnett: The minister may not be prepared to admit that but, sitting over here, I had the impression that he was not too happy about some of the questions that were being asked by the hon. member for Winnipeg North Centre.

An hon. Member: What are you doing, making a mountain out of a molehill?

Mr. Knowles (Winnipeg North Centre): Were you here?

Mr. Barnett: This is a fairly important consideration as far as the Canadian people are concerned. Great claims in this connection have been made by the present Prime Minister. Part of our duty here as members of this house is to assess, and to assist the Canadian people to assess, the validity or otherwise of the claims which were made by the present Prime Minister as to what he would do if he assumed office. From the discussion that has taken place I think it has become obvious that, without perhaps using the term in a derogatory sense, this is a take it or leave it proposition. The minister says that it is a good proposition. He suggests that it is so good that anybody would be foolish not to take it. I certainly agree with him in the hope that all ten provinces will see fit to come under the provisions of this act. Nevertheless I do not see that anything he has done in this connection gives him, the hon. member for Peel or anybody else over there on the opposite side of the house, any right to claim that the course of action that has been pursued by the administration is very much different from the sort of action that was pursued by the members who are now in the official opposition when they were carrying on negotiations with the provinces. Sitting over here where I do in the C.C.F. corner of the house perhaps I can say this, because I might be considered an impartial observer as to the activities of the Liberal party and the Conservative party and their relative merits.

An hon. Member: Merits?

Mr. Barnett: Or lack of merits. My colleague the hon. member for Nanaimo, with his usual astuteness, suggests there is perhaps not as much merit in the actions of either of them as they would like to suggest there is.

There is one aspect of this matter which is implicit in the schedule to the bill which we have before us, as it was in the schedule to the original Old Age Assistance Act that came before this house, and which has yet not been touched upon. I think it is one of the reasons that lie behind the arguments we have been making that a more proper solution would have been for the federal authority to assume 100 per cent of the responsibility in the field of unemployment. As I see it—and the minister can correct me if I am wrong—under the new situation that will exist when this bill is passed we shall still have people in some parts of Canada getting from the federal government different levels of assistance than people in other parts of Canada are getting, because of different rates that may be paid by different provinces.

Now I am not suggesting to the minister that within the terms of the schedule he should have the right to dictate to any province what rate they shall pay. Nevertheless I think that is one of the facts of the situation facing us and it would perhaps be useful if the minister would now give us, since the subject of the Old Age Assistance Act is reopened, a picture of what rates are being paid at the present time by the six provinces who now have agreements with the federal government and in respect of which the federal treasury is considering 50 per cent of the cost.

Mr. Monteith: Mr. Chairman, I presume the hon. member for Comox-Alberni refers to the rates paid to individuals by the various provinces?

Mr. Barnett: Yes, Mr. Chairman, that is what I had in mind. The rates paid by the provinces to which the federal government contributes under this act for those who are in need and are not covered by unemployment insurance or any other form of assistance.

Mr. Monteith: I might state, Mr. Chairman, that the average of assistance paid per individual varies greatly from province to province, in fact from $8 per person per month in New Brunswick to a range of $9 to $13 in Newfoundland, $11 to $16 in Prince Edward Island, $15 to $23 in Saskatchewan, $19 to $24 in Manitoba and $30 to $32 in British Columbia.

Mr. Barnett: So that I might be quite clear on this point, may I take it that those figures which the minister has just given are the total payments made to the individuals by the provinces, on which the federal authority reimburses them.

Mr. Monteith: Right.

Mr. Pickersgill: Could the minister repeat the figure for Newfoundland?

Mr. Monteith: Newfoundland $9 to $13.

Mr. Pickersgill: Well I think those rates have just been increased again.

Mr. Monteith: That could very well be.

Clauses 1 to 5 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read the third time?

Some hon. Members: Now.

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Monteith moved the third reading of the bill.

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

PENSION ACT

AMENDMENTS RESPECTING DEPENDANTS, ETC.

The house resumed consideration of the motion of Mr. Brooks for the second reading of Bill No. 35, to amend the Pension Act.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, members of the official opposition spoke extensively on this bill when it was before this house earlier at the resolution stage. We do not now propose to add to or to repeat the representations which we made at that time. We do however wish to confirm our support of this bill and to say at the same time that we feel further changes are necessary in the veterans' legislation in order to embody those representations which have been made from this side of the house and also from veterans' organizations.

The spirit of our veterans' legislation is that the veteran should always be given the benefit of doubt. Many of us have come across cases which would seem to indicate that the law is administered in accordance with the letter rather than the spirit and consequently the veterans are deprived of the benefit of doubt.

The hon. member for Kootenay West mentioned this afternoon cases of disability where the condition had been ruled to have existed prior to enlistment. We feel that any veteran who was accepted by the medical authorities on behalf of the government and inducted into any of the armed services must be given the benefit of doubt, and whether any condition existed or not, the fact that the government accepted him in that condition necessitates that the government should therefore accept responsibility and rule that any condition developing afterwards was attributable to his service.

There are other cases where veterans developed conditions during service which necessitated surgical operation. Sometimes many years after his discharge another condition develops which is not related to the condition for which the operation was performed, but to the operation itself. We feel that in such cases the veteran should also receive the benefit of doubt.

There are cases of cancer development, hypertensional blood pressure, all of which developed in postwar years many years after the veteran was discharged and which have been attributed to pre-enlisted conditions. We feel in such cases they should be ruled as resulting from service.

There are also cases such as mental and nervous disorders which often develop after discharge and, in view of the hardships, the stresses and the strains to which the veteran has been subjected in his service, particularly while on active service, who is to say that these conditions would have developed had the veteran not enlisted at all. We feel in all these cases the veteran should receive the benefit of doubt.

Furthermore, there are cases resulting from incomplete records. The legislation as it is now administered gives the advantage to the type of person who reports to the medical officer for any ailment, however trivial. On the other hand, there are other veterans who in private life would never develop that kind of habit and have even made light of their illnesses although they were serious.

There were also cases when they did develop serious ailments but did not recognize them as such and therefore failed to report them at the proper time, and this was particularly so with regard to men on small vessels and patrol boats operating in rough waters. Small injuries occurred, but the servicemen did not think them worth bothering about and consequently there was no record of these happenings. Later on, when some complication developed from these injuries, the absence of a record handicapped them in having these disabilities attributed to service.

We regret that the government has not seen fit to embody in this bill the recommendations made by the Canadian Legion with respect to the special case of Newfoundland veterans. We regret also that the government has not seen fit to follow the established procedure and have this bill go before the committee on veterans affairs. However, we have been assured by the minister that a veterans affairs committee will be set up next

session and we hope the government will take the opportunity to give this legislation a thorough overhaul and bring in further legislation in accordance with the representations of the Canadian Legion and hon. members on this side of the house.

Mr. Victor Quelch (Acadia): Mr. Speaker, I am not going to take very much time addressing the house because while we were on the resolution stage a number of hon. members from this group spoke and expressed their approval of the measure. The matters covered by this bill are in accordance with requests made from time to time by the committee on veterans affairs and, also, I think they go a very long way toward meeting the requests of the various veterans organizations.

When we were discussing the estimates of the Department of Veterans Affairs I suggested that perhaps the main weakness in the Pensions Act could be found in sections 13 and 70. Section 13 deals with disabilities of pre-enlistment origin. A great deal of time has been taken up in committees in the past in dealing with this section, and the minister has, I understand, promised that further consideration will be given to these suggestions. He has said that next session a committee on veterans affairs will be dealing with the Pensions Act and that further consideration may be given to this section at that time.

The other section is section 70—probably the most contentious section in the act,—the one about the benefit of a doubt. Here again, veterans affairs committees have spent a lot of time in the past discussing this matter, and amendments have been moved to try to improve the section, but there is still a feeling among veterans organizations that veterans today are still not getting the full benefit of the doubt. I cited a case, when we were discussing the estimates, of a veteran who had died and whose widow had been refused a pension. Since then I have received a letter from the pension commission explaining the case to me and pointing out that in the light of all the circumstances it would not be possible for them to award that widow a pension even though they gave her the full benefit of the doubt. When I raised that case I did not criticize the pension commission. I pointed out then that I believed they were going just as far as they could under the terms of section 70.

But I did suggest, and again I make the suggestion to the minister, that consideration should be given to giving the pension commission greater latitude in dealing with cases under this section. I think they should have more power and we could give them this greater power because otherwise I am sure we will continue to have complaints as we have had in the past from veterans organizations that many of the veterans who apply for help under this section are not getting the benefit of the doubt. I trust that when the committee on veterans affairs is set up next session section 70 will also be given very serious consideration.

So I will say again that we think the bill is a good bill. It goes quite a long way, and if we can make as much progress next year with regard to the other sections we will certainly have accomplished a good deal.

Mr. William Bryce (Selkirk): Mr. Speaker, there is one point I should like to raise at this time. I have taken this matter up with the minister and with the pensions board and I have received co-operation in every way, but it just seems to me that the way the law is at present this young woman I am going to talk about can get no help whatever. This young woman's husband was killed while going home on leave in France somewhere. This young woman has two children and can get no pension of any kind. I have had the matter explained to me. The way the law reads at present it seems nothing can be done for her, but I am going to appeal to the minister or to the government to take some action so that this woman may receive some pension.

When these young fellows went to the war they were promised anything they asked for. Here we have this chap buried in France somewhere. The wife is alive, and the only thing that keeps her from getting a pension is that her husband went on leave at six o'clock at night and was killed at eight o'clock. What difference does that make? He would never have been in France if he had not joined the air force. I do not want to dwell on this, but it does seem to me there is something wrong when we cannot do something for the women who are left. It is true that this man was not on duty when he was killed, but if he had not joined the air force he would have been driving a tractor or something else at home. But he joined the air force, and the defence of the department with regard to this pension is that he was not on duty at the time.

These fellows who enlist are going to be in the peace army and, just at the crack of the whip, in an hour's time, they can be in the war army, call it anything you like. I do hope the minister is going to do something about this case. I visited this lady and the two small children and believe me, gentlemen, it is a pitiful case and something should be done about it.

I have another case here. I went to the department to get information about it and

there is just one question I want to ask. It deals with a man who is getting a pension, and who becomes mentally sick and is confined to a mental hospital. I understand from the department that they pay for the hospitalization of that man, and have his pension accumulate. If he gets better, he gets the whole thing back. If he dies it reverts to the crown. I wonder if the minister thinks on a Saturday afternoon when the patient's relatives come to the hospital and take him this and take him that, surely if he has got a disability pension he should have the right to spend some of the money whether he is mentally sick or not. When you visit a hospital you often see the patients smoking. Who is going to give them their cigarettes? They should be allowed to buy their own. The same thing applies to the veterans allowance. If a man dies it reverts to the crown. That is accumulated over some time. These are situations which could be improved upon by amendments to the Pension Act.

I want to ask the minister one other thing. Is there anything left in the fund that was collected in connection with Hong Kong? Mr. Chairman, I am just wasting my wind here in talking because the minister is not even listening.

Mr. Brooks: I am sorry.

Mr. Bryce: I am always as brief as I possibly can be when I rise to speak in order to save the time of the house but when I do ask a question I feel I am entitled to expect a civil answer.

Mr. Brooks: I apologize to the hon. member. I was interrupted at the time as the hon. member no doubt noticed. Would he ask his question again because I followed him up to that point.

Mr. Bryce: I would not criticize you for the world but I do want to know something about the Hong Kong fund. Is there any money left in it? I want to know what they are going to do with it. Are those people who were at Hong Kong and who are still alive going to get it? I think there were 26 people who were never found; what is going to be done with the share of the 26 missing men? My friend the hon. member for Kootenay West (Mr. Herridge) in his remarks covered practically everything that could be said on this subject at this time and I wish to express my agreement with what he said about the disability pension being raised by one-third. When it was set it was sought to bring the basic pension up in relation to the prevailing wages in the district. In many cases it never did that and this should be taken care of. I know of many cases, and I am sure the minister knows of many too, involving people who through war service have developed various conditions of ill health and ailments which render them unable to work. When they seek assistance they are advised that their condition has nothing to do with their enlistment and I think some consideration should be given to these matters.

Most of the other points I intended to deal with have been covered by the hon. member for Kootenay West and I support him 100 per cent in the requests he has made. I will be looking for answers to the questions we have raised when the minister rises to deal with our questions.

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

On clause 1—*Retention of benefits under Civil Service Act.*

Mr. Brooks: Mr. Chairman, I wonder if I might make a few remarks in connection with some of the questions that were asked. In the first place, the hon. member for Kootenay West spoke about hospitalization. I might point out that hospitalization does not come under this act. However, the hon. member mentioned some cases which came to his attention with reference to Shaughnessy hospital. I might say that his information is not the same as the information which we had in the department but it is our intention to investigate the criticisms that have been made by the hon. gentleman and we intend to investigate the facts. While I do not doubt the hon. member nor do I doubt the veteran who has written to him, it is often our experience that when we go over the files in these cases, we find the situation is different from what is stated in the letters which hon. members receive.

The hon. member for Kootenay West also spoke about the brief presented by the Canadian Legion; as a matter of fact, he based most of his remarks on that brief which, as hon. members know, was presented to us just a short time ago. I might point out that we have reviewed the brief with officials and representatives of the Canadian Legion and we also reviewed this bill with them. It has been nearly a month since the resolution was before the house. The bill is well known to all hon. members and also to the various veterans organizations. The Canadian Legion, I am sure, went through it with a fine tooth comb. They agreed to practically every provision in the bill with the exception of about four sections. We spent a couple of hours the other day with officials and representatives of the Legion and came to agreement with them on certain amendments to the bill.

With regard to the remarks of the hon. member for Burin-Burgeo with reference to Newfoundland veterans, I think there is a real case there and I am very much surprised that the problem of the Newfoundland veteran has not been dealt with before this time. It should have been dealt with long ago and I am extremely surprised that this problem was not solved when the terms of confederation were discussed with Newfoundland. However, the problem which the hon. member raised with reference to the Newfoundland veteran who served with the British forces during the second world war is not different from the problem of many hundreds—I think I might say over 1,000—veterans whose domicile was in Canada before the first world war and who served in Great Britain. They receive exactly the same treatment as does the Newfoundland veteran. This is a matter which certainly should be and must be considered by a veterans committee. Any veteran who is a Canadian, whether he comes from Newfoundland or from any other part of Canada, should receive exactly the same treatment as that received by other Canadian veterans. That is my opinion and I think that would be the opinion of a veterans committee which might review the matter. I can assure the hon. member for Burin-Burgeo that it will be given every consideration.

The hon. member also mentioned the benefit of the doubt and used the words, "we feel on this side of the house". I wonder who he means by "we"? Does he mean the present opposition, the former government? I wonder why they did not feel that way over the past years? The hon. member for Burin-Burgeo was, I think, a member of the veterans affairs committee in 1952 and I did not hear him bring up this matter at that time although, as the hon. member for Acadia and other hon. members who have spoken tonight have said, this question of the benefit of the doubt has been before veterans committees on many occasions. Of course, the present opposition was then the government and were in power for some 22 years while our party has only been in power for a few months. However, this is a matter which I assure my hon. friend, will receive consideration.

Mr. Herridge: I am glad to hear that.

Mr. Brooks: The hon. member for Acadia was very brief tonight. I may say I listened with close attention to the recommendations he made. I sat on a good many committees with him and I do not think any member of those committees gave more attention to representations by the Legion and other veterans organizations or made sounder recommendations than did the hon. member for Acadia. We will certainly give attention to the recommendations he has made.

My very good friend, the hon. member for Selkirk, has always been very sympathetic to the veterans. No one has been more sympathetic. He mentioned some individual cases. Unfortunately the act seemingly does not provide for these cases. We will go into them again and if they can be brought under the act we will certainly be very glad to see that they are taken care of.

The hon. member referred to a mental case and wanted to know the answer. If the mental patient in hospital has a credit balance the hospital superintendent may authorize allowances for clothing and comforts. If the veteran dies the credit balance does not form part of his estate but if he has dependants they get it. The statement of the hon. member is quite correct that it would go back to the government if he had no dependants.

Mr. Bryce: But if he has dependants it goes back to them.

Mr. Brooks: It goes to his dependants. The hon. member spoke about a Hong Kong fund. I am not aware of any Hong Kong fund and I have a note from the official advising me that there is no such fund. The hon. member no doubt refers to the question of reparations. A special commission was appointed to deal with those claims which was headed by Mr. Justice Thane Campbell of Prince Edward Island.

I think these are the main points that have been brought to our attention tonight. We will be very glad to deal with any other questions which may arise as we deal with the different sections of the bill.

Mr. Carter: Mr. Chairman, I should like to thank the minister most sincerely for the remarks he has made with respect to Newfoundland veterans, for his sympathetic attitude and for his assurance that the case of the Newfoundland veterans will be brought before a veterans affairs committee next session. The minister raised the question of why we did not bring up this matter before. There is a very simple explanation. I gave part of the explanation when I spoke on the resolution stage of the bill, but I did not want to take up the time then to go farther.

The explanation is that this kind of case had not come to our attention. The bulk of veterans cases that come to the attention of members of parliament are cases dealing with the veterans allowance, and it must be remembered, as I pointed out when

I spoke at the resolution stage, that the definition of a Newfoundland veteran in the veterans allowance act is satisfactory. We do not get very many complaints from pensioners and even those we do get are usually mixed up with the need for supplementation by veterans allowances.

The reason why we did not bring this matter up in the committee was that we did not really have any cases like these brought to our attention. We did have cases brought to our attention last year but it must be remembered that in the early part of the session the veterans affairs estimates did not come before the house and there was no opportunity to talk about the matter. In fact, it was only a short time ago that the minister brought his estimates before the house and there was an opportunity to discuss it. The minister said that there were cases similar to the Newfoundland veterans, and I think he cited British citizens who served in the Canadian forces and are now domiciled in Canada.

Mr. Brooks: If the hon. member will pardon me, they were Canadians domiciled in Canada who went overseas voluntarily, joined the British forces and served with the British forces. There are over a thousand of them in exactly the same position as the Newfoundland men who went over and served with the Imperials. As a matter of fact, most of them were first war veterans but there are some second war.

Mr. Carter: I thank the minister most sincerely because he has just outlined the point I was going to make. He said that these were Canadian citizens domiciled in Canada who voluntarily by-passed the Canadian forces, went overseas and enlisted in the British forces. Our submission is that the Newfoundlanders are not in the same position. They did not by-pass the Canadian forces because we were not a part of Canada at that time, and so we say we are different. If there is an actual force in a person's own country and he deliberately by-passes it and enlists in the armed forces of another country that is his own business and he must take the consequences, but the Newfoundlanders did not do that. Had we been part of Canada we would have enlisted in the Canadian forces, as we did during the Korean war. The fact is that we were not a part of Canada at that time and did not by-pass the Canadian forces. We did the only thing we could do and the definition in the War Veterans' Allowance Act acknowledges that and gives us full status on the same basis as if we had served in the Canadian forces.

But in the case of the Pension Act the definition is different and is not nearly so clear. The trouble is both with the wording of the definition and the interpretation which the pension commission has placed upon it. I am told that during the second world war there were some members of the Royal Canadian Air Force who, because there was a shortage of airmen in Britain, were transferred to the Royal Air Force. As I understand it, they did not volunteer. There was an emergency and Britain was short of personnel to man her planes. We had men available and they were transferred to the Royal Air Force and served in that force very much in the same way as Newfoundland servicemen served in British forces, not of their own choice but because of the exigencies of the situation and because they were required as part of the war effort in an emergency.

I should like the minister to explain this matter because I am informed that when the veterans who went from the Royal Canadian Air Force to the Royal Air Force came back to Canada some sort of deal was worked out with the British ministry of pensions whereby that body agreed to pay a flat rate and the Canadian government supplemented those pensions to the full amount. If that is wrong, I should like the minister to correct me. But if it is right, we say that the same sort of treatment should be accorded to Newfoundland veterans.

Mr. Brooks: I assure the hon. member that he would have persuaded me if I were not persuaded before.

Mr. Blackmore: Before this clause is carried, I should like to bring two matters up for the consideration of the minister. Earlier in the day when the hon. member for Kootenay West was talking about certain veterans in need of treatment who, upon application to Shaughnessy hospital had been denied such treatment, the word came out that no veteran who was entitled to treatment or who was eligible for treatment was denied it. I should like to ask, what more should a man do than enlist and go through a war and be a veteran in order to entitle him to treatment in any hospital in this country? What do you mean by saying any veteran should not be entitled to help whenever he needs it and wherever he needs it?

Mr. Brooks: On a point of order, Mr. Chairman; in the first place I never said that; and in the second place, we are not dealing with hospital treatment in this bill. Both the hon. member for Kootenay West and the hon. member for Lethbridge were out of order, as I think they will agree.

Mr. Blackmore: If the minister starts talking about being out of order we may do

something about it. The important fact is that this question was brought up by the hon. member for Kootenay West. The minister undertook to answer it on the first clause of the bill when we went into committee. If it is not in order for me to raise the matter and ask the minister for clarification, I am just a little astonished. I just want to raise the matter, but if I am out of order I will just say this. If any veteran who has signed up and gone through a war is not entitled to such treatment as he needs in any hospital in this country, then the sooner everybody in Canada knows about it the better.

Mr. Brooks: May I say to the hon. member that the whole subject of treatment is under very serious consideration and study by the department. I am encouraging that study, but I must state again that the subject does not really come under this bill.

Mr. Blackmore: Well, I raised the question and I have told you what I mean and what I think. I hope I never have to sit in this house and hear any more of this particular doctrine that has been advocated in this connection.

The next matter that troubles me deeply is that the minister, out of the kindness of his heart, and I appreciate it, said that the department was considering various cases with a view to bringing these cases under the act. The question comes to my mind, have we drafted this act for the veterans or are we trying to make the veterans fit the act? If we have not drafted the act for the sake of the veterans it seems to me that we have gone off the track a long way. It seems to me that a veterans' act ought to include all veterans. I just wish to bring that to the minister's attention. I will not bother him any more at the present time. I appreciate the fact that he said these cases are receiving very careful attention. I hope they receive more careful attention than they received from the Liberal party during the years and years I have sat here while they formed the government.

Mr. MacInnis: I should like to make mention of this word "entitled". Reference was made by the last speaker to the fact that any veteran who signed up and went through a war was entitled to something. I do not go along with that, and for this reason. I signed up, I went through the war and I came out with an A category. It is some time since I came out, and I do not feel I am entitled to any benefits under this act. I believe the same thing would apply to anybody who has come out with an A category because it is twelve years since that happened and I do not think we are entitled to anything under this act.

Mr. Blackmore: I might say that it is the men who are big, fine, noble men like this who pave the way for trouble for their weaker brethren. There are plenty of men, I will agree, who go through a war and at the end of it think they are all right. However any soldier who enlists for a modern war and goes right through that war, no matter how well he feels at the end of his service he has had things happen to his make-up which will tell on him sooner or later. Consequently we must have our act and our policies so framed that any veteran who needs treatment will be taken care of at any time.

Mr. Castleden: I should like to say that I believe the amendments to this act are in good order. There are some things here for which the Canadian Legion has been asking for a number of years and which I feel are very necessary in order to give a measure of justice to the men who served in the two wars.

I should like to endorse what the hon. member for Lethbridge has just said. As you travel through the country and visit Legion branches you find veterans of the first war who are today feeling the effects of their service in a way that they never realized they would feel them. Men who serve in a war, even when they come out with an A category, find that when they get to be 50 or 60 years of age the war has had an effect upon them. I understand that it is difficult to legislate exactly to cover all disabilities. If one interprets the act literally word for word I can see that there is a possibility of men not receiving justice who are deserving of it.

I note that the average age of veterans in Canada who are in receipt of pensions is something like 66.8 years, that is as of March, 1957. I do believe there is need for some easing of the interpretation of the act or the medical findings of the board when an application is made. I hope that the minister will ask his officers to give consideration to cases where veterans have come through the first war and who are now feeling the effects of that war. Some of these men received a pension, some received a pension and were taken off pension, and others did not receive any pension.

I have a particular case in my own constituency in mind. I wrote the minister about it some weeks ago, and I hope he is still investigating the matter. This case concerns a man who enlisted with the Canadian army in the first war. There were many volunteers from the west. This man was

stationed in the barracks in Regina. There was a call for men to go out on harvesting leave to help with the harvesting. A great many men were called out at that time. His statement to me over a period of years has been that these men were ordered to go out on harvesting leave; the men were told they were expected to go out. His statement to me is they went on leave in that regard. He was unfortunate enough, while on leave, to have his arm badly mangled and the result was an amputation.

Apparently the officials of the department at that time—that is the Department of National Defence—thought this man deserved a pension and he received a pension of some $30 or $40 per month for the balance of the war. He continued on pension until 1919. He thought that was what was going to be paid to him. He had certainly been badly disabled, but perhaps not in active service. However, the pension was cut off and he has been denied any pension since that time. He continued all through life with his arm amputated and with that disability he carried on as best he could. The man is now retired and can no longer work. The pension he receives as a result of the work in which he was engaged is very small because he was in a more or less minor position and could not receive the same wages as an able bodied person would receive. He is now over 60 years of age. His pension is so small that he and his wife find considerable difficulty in making ends meet.

He is not a complaining man. He does his bit. He is a fine citizen. The pension commission refuses him any consideration on the ground that his service while going out on harvest leave was voluntary. He states that it was not voluntary. He only has his statement against that of the pension commission and they refuse to give any consideration to the matter. I have written to the minister and have asked him to take the case up and look into it with a view to seeing whether or not this man, for the few remaining years of his life, is not as much entitled to a pension today as he was when he first received the injury. I doubt whether the matter of whether or not he was ordered to go on leave can be finally settled at this time. I would just ask the minister to take into consideration the fact that this man volunteered to go and was willing to serve his country. He was granted a pension during the war. Public opinion probably demanded it. When the war ended or at least shortly thereafter his pension ended. The dispute about whether or not he was sent on harvest leave has been the one thing that has barred him.

I just draw this matter to the minister's attention and ask him if he would give this case consideration under the circumstances. If he can find proof that these men were not ordered out on harvest leave and can substantiate it, all right. But we have at any rate the statement of men who served at that time and others since then that those men were ordered out to do harvest work. Surely this is a deserving case. I am drawing it to the minister's attention and asking him if he will look into it and give me a reply to my letter.

Mr. Brooks: I thank the hon. member for Yorkton for drawing my attention to this case. As a matter of fact, I recall reading the case not very long ago and looking into it. This soldier received his pension I think in 1916.

Mr. Castleden: That is right.

Mr. Brooks: That is when he had his accident. The Pension Act was passed in 1919 and in the act there is a section, namely section 13 subsection (f), which reads as follows:

> (f) no pension shall be paid for disability or death incurred by a member of the forces,
> (i) while on leave of absence without pay—

Unfortunately under that section it is impossible to grant a pension to this man, unless that section should be amended at some time.

Mr. Castleden: The passing of the Pension Act excluded this man, in spite of the fact that the man had done what he considered was his duty. I would ask the minister to look into the correspondence. Several appeals were made. In one case where an investigation was made of the case those who came up and presented the case to the pension commission recommended in his favour. There has been considerable correspondence over the case. The man will not be with us for too many years. I think it is a case that is deserving of more consideration than it has had at the present time. He certainly had a pension during the time that the war was on. Since that time it has been cut off through a technicality.

Mr. Brooks: Yes. I think I recall some of the other facts of the case. The man went home to his father's farm, and it was while threshing on the father's farm that he lost his arm or it was mutiliated by the threshing machine.

Mr. Castleden: Yes. I draw the attention of the minister to the case. In fact, he had gone home on harvest leave and when the voluntary harvest leave was completed he went back to camp. It was after he went back to camp that they were ordered to go

out and complete the harvest because the harvest was not completed. I think a search of the newspaper records of the time will vindicate what he said. However, I will not take up the time of the house any longer. I believe the minister will give the case consideration later.

The Acting Chairman (Mr. Rea): Shall clause 1 carry?

Mr. Blackmore: May I suggest to the minister in all kindliness that I believe the house would entertain very thoughtfully any suggested change in the act which the minister thought appropriate to make. The act is not sacred as it stands.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Pension counsel.*

Mr. Deniset: The more I read this section, the more I am convinced that there is in it what I would call a loophole. In order to explain what I mean I think I shall be obliged to read the old section first. It reads as follows:

> There may be appointed such number of persons as may be considered necessary, who shall be barristers or advocates of good standing at the bar of any of the provinces of Canada, to be officers of the department and to be called "pension counsel".

The amendment reads as follows:

> There may be appointed such number of persons as may be considered necessary, who are or have been barristers or advocates of good standing at the bar of any province, as officers of the department to be called "pension counsel".

I fully appreciate the purpose of this amendment which, as is stated in the bill itself, is to permit the appointment of persons with training in law who have elected to make a career in the public service, whether or not they have continued to pay annual dues to their respective law societies.

I submit that when you look at the persons eligible, who are or have been barristers or solicitors in good standing at the bar of any province, you might have a barrister who has been in good standing for quite a number of years and yet has become disbarred. With the way this section reads at the present time I submit that you could have a disbarred solicitor appointed as pension counsel, advocate or officer of the department. I would submit quite respectfully to the minister that somewhere in there, possibly after the words "of any province", he should add the words "who have not been disbarred". Otherwise you run the danger of possibly having a disbarred solicitor appointed as counsel for the department.

Mr. Brooks: I may explain to the hon. member that that point was fully considered when this bill was before the committee on legislation. It was felt that anyone who had been disbarred would not be considered for an appointment. The reason the section was changed was that in order to be in good standing with the law societies across Canada in the different provinces they would have to pay their fees. That is one of the qualifications, as the hon. member mentioned. But there are a good many younger lawyers who, after graduating, take up work with the public service. We did not think this section was broad enough to include them. The idea in changing it was to allow those younger men or men who had been in the public service and not paying fees to any barrister society to be eligible, to give them an opportunity. However, it was not felt that we were running any risk in connection with this question of disbarment; they would not be appointed.

Mr. Deniset: I respectfully submit that it is not clear just the same. You are leaving yourself open. Why leave a loophole in the legislation? Why not correct it before the bill is passed?

You might have solicitors who have been in good standing for several years but who have been disbarred for, let us say, two years and then have been re-instated. What of them?

Mr. Brooks: Well if they are re-instated they are in good standing.

Mr. Deniset: I respectfully submit you are taking an awful chance of something like that happening. Why not have something like "have not been disbarred" or something like that. It is not because the bill has already been printed that you do not want to change it.

Mr. Brooks: We did not consider it necessary.

Mr. Caron: It does not change anything much with the intention of the minister, but if it was marked on the bill it would be much clearer that a lawyer who had been disbarred would not be entitled to practise in that profession. I do not see why the minister or the government should refuse to accept the suggestion of the hon. member who has just spoken.

Mr. Browne (St. John's West): If I might make a comment, I think their experience with the clause as it is at the present time should be sufficient guarantee of the adequacy of the wording they are putting in, because it says "shall be barristers in good standing". That is in the act as it stands now.

Mr. Deniset: I am sorry but it does not say shall be—it says "have been".

Mr. Browne (St. John's West): I am speaking of the amendment as it is today, on this page you read yourself. A man might have made some mistake in his past life and might have been disbarred and then re-instated. Well then he is a barrister in good standing so he is qualified under the present legislation. I think their experience shows they are men of good sense in selecting counsel for their departments and they will do the same thing again. I do not think the danger is as great as the hon. member believes.

Mr. Deniset: Oh, I agree that we can expect a lot of good sense from the department, or any government department as a matter of fact; I think they would be very careful but you still have a loophole in there and I do not see why we should pass legislation that has loopholes.

Clause agreed to.

Clauses 4 to 8 agreed to.

On clause 9—*Physical or mental infirmity.*

Mr. Browne (St. John's West): Mr. Chairman, I would like to move that clause 9 be changed as follows:

Clause 9 subclause (2)—page 4, delete lines 23 to 29, both inclusive, and substitute therefor the following:

"(10a) when any pension has been awarded to a child or children of a member of the forces who, at the time of his death, was a widower and who, during his lifetime, maintained a domestic establishment for such child or children, pension at a rate not exceeding that provided in schedule B for a widow may, in the discretion of the Commission, be paid to a daughter or other person."

Mr. Brooks: I may say, Mr. Chairman, that that is one of the recommendations of the Canadian Legion and we agree that it should be changed.

Amendment agreed to.

Clause, as amended, agreed to.

Clause 10 agreed to.

On clause 11—

Mr. Browne (St. John's West): I beg to move that on page 5, line 19, the words "not more than" be deleted so that it will read:

"(b) when entitlement to pension is granted by the commission, or by an appeal board thereof, upon a date 12 months or more after the date upon which application therefor was made to the commission, from the date of grant, or, in the discretion of the commission, from a date 12 months prior to the date of grant."

Amendment agreed to.

Clause, as amended, agreed to.

Clauses 12 to 15 inclusive agreed to.

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Pension Act

On clause 16—*Pension to parent where dependent.*

Mr. Herridge: Would the minister explain just how close this clause comes to meeting the requests of the Canadian Legion?

Mr. Brooks: This clause, Mr. Chairman, was considered by the officers of the department and myself with the members of the Canadian Legion just the other day. We spent some time on this clause and it was agreed that it be left as it is and they expressed the wish that when the committee was set up it would give further study to this matter.

Clause agreed to.

Clause 17 agreed to.

On clause 18—

Mr. Browne (St. John's West): I have the same amendment to make here, Mr. Chairman, with respect to clause 18—

On page 9 at line 9 the words "not more than" to be deleted so that it will read as it did before: "Where pension is awarded by the commission, or by an appeal board thereof, upon a date twelve months or more after the date of death, from the date of award, or, in the discretion of the commission, from a date 12 months prior thereto;"

Mr. Brooks: This is another recommendation of the Canadian Legion.

Amendment agreed to.

Clause, as amended, agreed to.

Clauses 19 and 20 agreed to.

On clause 21—*Decision of remaining members.*

Mr. Browne (St. John's West): I have an amendment to move here, Mr. Chairman, to subclause (2) on page 10, line 4, to delete words "of an appeal board" and substitute therefor "on an appeal from a decision" so that the subsection will read:

An application based upon error in any decision on an appeal from a decision of the commission, by reason of evidence not having been presented,—

Clause, as amended, agreed to.

Clauses 22 to 25 inclusive agreed to.

Schedule A agreed to.

Schedule B agreed to.

Title agreed to.

Bill reported.

Mr. Brooks moved the third reading of the bill.

Mr. Louis Deniset (St. Boniface): Mr. Speaker, I do not wish to labour the point which I was discussing a minute ago, but I think it deserves attention, though it might be considered a legal technicality. I strongly urge the minister to think it over, and possibly next time he will decide to amend the bill accordingly.

Hon. A. J. Brooks (Minister of Veterans Affairs): I assure the hon. member I will think this matter over, and I thank him very much for his suggestion.

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

INDUSTRIAL RELATIONS

PROVISION OF ANNUAL VACATIONS WITH PAY FOR EMPLOYEES IN FEDERAL WORKS

The house resumed, from Friday, November 8, consideration of the motion of Mr. Starr for the second reading of Bill No. 16, to provide for annual vacations with pay for employees in public works, undertakings and businesses.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, it was on November 8 that I adjourned the debate on the second reading of this bill. The house will recall that at that period of the session we had been having considerable discussion about holidays with pay. A good deal has happened here since November 8, and possibly some hon. members may have forgotten that this was one of the topics of discussion at that time.

When I rose to speak on that occasion I drew to the attention of the house the fact that a bill somewhat similar to the one the minister is bringing in had been first introduced in this house in 1956 by the hon. member for Winnipeg North Centre (Mr. Knowles). Perhaps I may also remind the house at this time that a bill similar to the one which he introduced in 1956 has been under discussion in this house under another order.

Now, Mr. Speaker, as I pointed out when I was speaking for a few minutes before this debate was adjourned, the principal point of difference as far as I see it between the bill which the Minister of Labour (Mr. Starr) has brought into the house and the proposal which has been brought in on behalf of the C.C.F. group by the hon. member for Winnipeg North Centre, is that the minister's bill requires that an employee shall be entitled to only one week's vacation with pay after a year of employment whereas the bill which we are proposing would require that employees be given at least two weeks vacation after one year's employment. That, Mr. Speaker, will be the principal point on which we differ from the minister in the bill which he has introduced. I made it clear that we were glad that at last we had a bill of this kind sponsored on the government side of the house, and that in general we had no quarrel with the minister for bringing in a bill the principle of which was to provide for annual vacations with pay.

One of the interesting things which was mentioned by my colleague the hon. member for Skeena (Mr. Howard) when he spoke on November 8 was the fact that on July 27, 1956, ten of the members of the present government voted in favour of a bill which provided for two week's vacation with pay after one year's employment, and therefore we are somewhat at a loss to know why the present Minister of Labour has not seen fit to incorporate this provision into his bill. There is another point in the bill which we have under discussion which I think deserves some attention. When the minister introduced this bill on second reading, he pointed out on page 925 of *Hansard* that the provision for annual vacation does not apply if the employment is less than 30 days in duration.

Mr. Speaker, I have given this question a little thought. I have in my hand a copy of the bill providing for annual holidays with pay in British Columbia, and I think I should point out to the minister that there is no limiting factor such as he is suggesting in our British Columbia act. Section 5 of the annual holidays with pay for employees act of British Columbia provides in subsection 1, and I am quoting:

> Where an employee's employment terminates before he becomes entitled to an annual holiday in accordance with section 4, the employer shall on the termination of employment pay to the employee in addition to any payment accruing to him for his service an amount equal to 4 per cent of his total wages and salary earned during the period of his employment.

As you will note, Mr. Speaker, there is no limiting period during which an employee must work for a given employer in order to be entitled to holiday pay. Theoretically, at least, if he has worked for one hour he is entitled to 4 per cent of that hour's wages when his employment is terminated, and while I am not suggesting that normal employment should be of that short duration, nevertheless this is an important question in respect to many of the tradesmen of our country. This was the experience we had when holidays with pay were first brought in by law in British Columbia; many of the tradesmen of our province, carpenters and plumbers and electricians to name only a few, were being disqualified from receiving the benefits of the legislation because of the fact that they normally did not work a full year for one employer.

Now I should like to suggest to the minister that the effect of this limitation in his bill will be to disqualify tradesmen who may be working in the employment of companies under federal jurisdiction.

As a result the tradesmen, if they happen to work in an undertaking under federal jurisdiction, are going to find themselves in

many cases entitled to less vacation pay than they would have if they confined their activities entirely to work under provincial jurisdiction. Certainly that will be the case in the province of British Columbia and I think that is a point well worth consideration because of the fact that workers in those categories normally do not engage in a continuous period of employment with any one particular employer. In their case at least there would be no validity to an argument being advanced that attachment to a certain employer for a given minimum period should be a requirement of entitlement to holiday pay.

This bill, of course, is confined to providing vacations with pay for those who are not employed by the federal government but who do come under federal labour jurisdiction. However, I think it should be considered in relation to the provisions which do apply to those who are directly employed by the federal government. According to information I received on a quick check of this matter I believe those who are classified as civil servants receive one and one-half days off for each month with pay for the purpose of vacation up to a maximum of 18 days exclusive of Sundays and holidays in one fiscal year.

Generally speaking those who are in the category of being prevailing rate employees receive one week after one year of service and two weeks after two years of service but there is one particular classification of people employed by the federal government for whom no provision for holidays is made. I refer to those who are considered to be casual employees. Those are people who may work for the government for a period of time and in this case, we will say, then work for an employer who comes under federal labour jurisdiction; as it stands those people are going to be entitled to less than the normal period of vacation with pay.

I think it might be well worth considering when we are passing a bill providing vacations with pay for employees under federal labour jurisdiction we should at the same time pick up these loose ends of employment in the government service. The minister should consider this question in relation to this bill and should be prepared before consideration of it is completed to bring in some appropriate amendment to the bill which would ensure that those who are in the direct employ of the government of Canada in any capacity are not going to be entitled to vacations with pay under conditions less favourable than those that are going to be provided in this bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, since it is within two minutes of ten o'clock perhaps you might permit me to move the adjournment of the debate.

The Acting Speaker (Mr. Rea): Has the hon. member for Winnipeg North Centre permission to move the adjournment of the debate at this time?

Some hon. Members: Agreed.

On motion of Mr. Knowles (Winnipeg North Centre) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Marler: Mr. Speaker, may I ask what will be the business for tomorrow?

Mr. Green: Mr. Speaker, tomorrow we shall commence with item No. 9 on today's order paper, the second reading of the bill to provide for the stabilization of the prices of agricultural commodities and then take the estimates of the Department of National Health and Welfare and the Department of Justice.

Mr. Marler: Has the house leader been able to peer into the future as far as Saturday?

Mr. Green: Mr. Speaker, it is rather dangerous to peer very far ahead in this parliament, I think. I am not sure yet about Saturday. We may go on with the agricultural bill or we may take estimates and if we do take estimates we would take the same two departments, and possibly add one or two more departments just for good measure.

Mr. Marler: There is no law against optimism.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the rumours that some of the employees around the building have heard to the effect that the government might change its plans and have us adjourn tomorrow night, may I ask whether or not that is correct?

Mr. Green: Mr. Speaker, now I know where the hon. member for Winnipeg North Centre gets a lot of his information.

Mr. Knowles (Winnipeg North Centre): You must admit they are a very good source.

Mr. Green: I am hoping that the Prime Minister will be back in his seat on Saturday morning. There is no intention whatever of adjourning tomorrow night.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PUBLIC WORKS PROJECTS POSTPONED

Question No. 182—**Mr. Bourget:**

1. Has the government decided not to proceed during the present fiscal year with certain of the projects provided for in the main and supplementary estimates of the Department of Public Works?

2. If so, what projects?

Answer by: **Mr. Hodgson, Parliamentary Assistant, for the Minister of Public Works:**

1. Yes.

2. The projects listed below:

Location	Project	Reason
	ARCHITECTURAL PROJECTS	
New Glasgow, N.S.	Federal building	Site unsettled.
Oromocto, N.B.	Federal building	Site unsettled.
Dorion, P.Q.	Federal building	Drawings had to be changed.
Nicolet, P.Q.	Federal building	Site unsettled.
Quebec, P.Q.	Postal terminal	Site unsettled.
Morrisburg, Ont.	Post office	Site unsettled.
Emerson, Man.	Customs building	Requirements changed.
Glacier National Park, B.C.	Federal housing	Alternative scheme being investigated.
London, England	Canadian government building	Site unsettled.
	ENGINEERING PROJECTS	
Glace Bay, N.S.	Harbour improvements	The original project has been found unsatisfactory and alternate proposals are being studied.
Pleasant Harbour, N.S. (Glawson's Cove)	Breakwater-wharf	Site changed to Carter's Point.
Port Hood, N.S.	Breakwater	Borings show that known deposits of rock do not continue in depth and as a result the cost of securing the rock has greatly exceeded the original estimate. Efforts are continuing to find suitable rock at a reasonable cost.
Port Medway, N.B. (Long Cove)	Breakwater reconstruction	Site has not been acquired.
Back Bay, N.B.	Wharf extension	This project requires further study to effect most economic method of repair.
Ste. Agathe des Monts, P.Q. (Lac des Sables)	Wharf	Site not obtained.
St. Flavie, P.Q.	Dredging	This was to remove old wharf. Project was abandoned after many protests.
Mutton Bay, P.Q.	Wharf	Site has not yet been acquired.
Pointe au Pere, P.Q.	Wharf improvements	It has been found necessary to carry out further planning.
Riviere du Loup, P.Q.	Wharf improvements	Detailed borings on the site have shown that a very expensive type of construction would be required to provide the improvements.
Little Cascapedia River, P.Q.	Dredging	Bathurst Power & Paper Co. were to share cost with Department of Public Works. Company advised that dredging was unnecessary because they had revised their proposed construction layout.

Questions

LABOUR FORCE—ADDITIONS AND UNEMPLOYED

Question No. 292—**Mr. Robichaud:**

1. What was the total number of workers added to the labour force in Canada in each year from 1953 to 1957, inclusive?

2. What was the total number of unemployed in Canada on or about December 10, in each year from 1953 to 1957, inclusive?

3. What was the total number of unemployed registered at the Edmundston, Campbellton and Bathurst offices on or about December 10, 1956?

4. What was the total number of unemployed registered at the same offices on or about December 10, 1957?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Growth of the labour force—1953-1957 (in thousands)

1952-1953	+ 68
1953-1954	+ 43
1954-1955	+131
1955-1956	+148

1956 (to Nov.)-1957 (to Nov.) +209 (difference between eleven month average in 1956 and 1957).

2. Latest available data on without jobs and seeking work Nov. 16, 1957 from DBS monthly labour force survey. Comparable dates for previous year used.

Without jobs and seeking work (in thousands):

Nov. 21, 1953	153
Nov. 20, 1954	215
Nov. 19, 1955	162
Nov. 17, 1956	135
Nov. 16, 1957	292

3. Registrations at N.E.S. offices—December 6, 1956

Bathurst	1,676
Campbellton	778
Edmundston	752

4. Registrations at N.E.S. offices—December 5, 1957 (Latest available information)

Bathurst	3,096
Campbellton	1,577
Edmundston	1,725

VETERANS HELPLESSNESS ALLOWANCE

Question No. 298—**Mr. Benidickson:**

1. How many veterans are now in receipt of the maximum $1,800 helplessness allowance?

2. How many of those receiving the maximum $1,800 helplessness allowance are pensioned for the condition or disability for which attendance is needed?

3. How many veteran paraplegic pensioners are there at the present time and how many of these receive the present maximum $1,800 per annum helplessness allowance?

Answer by: **Hon. A. J. Brooks (Minister of Veterans Affairs):**

As at December 17, 1957

1.	54
2.	50
3. (a)	185
(b)	6

APPENDIX

CANADIAN COLOMBO PLAN PROJECTS IN INDIA, PAKISTAN AND CEYLON

December 18, 1957.

This statement describes a number of projects and forms of aid in India, Pakistan and Ceylon which each of the governments concerned has recommended, and which have recently been approved by Canada. These aid projects will be financed by funds already voted by parliament, or provided for in the main estimates of the Department of External Affairs for 1957-58, with the exception that the total aid approved for India will require for its completion $5 million of 1958-59 Canadian Colombo plan funds.

India

Discussions have been under way since January last between Canadian and Indian officials as to the allocation of the $21 million tentatively earmarked by the Canadian government out of the Colombo plan fund for capital assistance in India.

The program, proposed by the Indian government, and now approved by the Canadian government, is set out below.

(a) Canada-India Reactor—When the Canada-India reactor agreement was signed two years ago, it was estimated that the external cost of the reactor would be approximately $7,544,000, and it was agreed by the two governments that the bulk of these dollar costs, which were to be financed by Canada, would be met without affecting the regular Canadian aid program in India. $5 million of these external expenditures were met out of 1956-57 funds. In order to proceed with the work on the project, it has been decided to make available a further $2 million. Such additional sums as will be needed to complete the reactor will be a charge on such funds as may be allocated to India in 1958-59.

(b) Kundah-Madras Transmission Line—The Kundah project is a substantial hydroelectric development in Madras State in south India. It is designed to bring power to a rapidly developing industrial area around the major seaport of Madras.

Canadian participation up to $20 million for engineering services and electric generating equipment and auxiliary equipment, was approved in 1956. $13 million was allocated for this project out of money made available in 1955-1956. The balance of $7 million was provided out of sums made available in 1956-1957.

Canada has now agreed to meet up to $5 million of the external cost of a transmission line which will link this hydroelectric project with the electricity distribution system of Madras State, subject to satisfactory detailed arrangements being worked out with the government of India.

(c) Railway Ties—One of the basic economic problems of India is the lack of adequate transportation facilities. Goods are at times available in one part of India which can not easily be transported to another area where they are needed. The world bank mission, which visited India, concluded that the expansion and modernization of the railway system should be a matter of the highest priority.

Canada has already contributed locomotives and boilers to the India railway system under the Colombo plan. Additional assistance is still, however, a matter of great urgency. The government has, accordingly, approved a request of the Indian government for $3 million worth of treated wooden railway ties.

(d) Cobalt Beam Therapy Units—Canada has approved a request of the Indian government for three cobalt beam therapy units to be used in hospitals in Calcutta, Bombay and Ludhiana. The total cost of these units will be $120,000.

(e) Audio-Visual Equipment and Educational Material—The Canadian government has agreed to provide up to $65,000 worth of audio-visual equipment and educational material for co-operative training centres in India.

(f) Industrial Metals—India's development plans place great emphasis on the expansion and modernization of her metal-working industry. Canada has agreed to provide India with up to $10.8 million worth of copper, aluminum and nickel. This aid scheme is similar to the arrangement under which Canada supplied India with $5 million worth of metals during the past two years.

The sale of these metals to Indian industry by the Indian government will generate counterpart funds of rupees. The governments of India and Canada will explore the various uses and projects to which these counterpart funds may be allocated.

(g) Wheat—The sums made available for those projects are in addition to the provision of $7 million worth of wheat already provided to India in the past few months.

Pakistan

The bulk of Canadian Colombo plan funds available for Pakistan are committed to the Warsak hydroelectric project. However, sufficient funds are available for other small projects; Canada has now agreed to undertake two additional transmission line schemes, as outlined below subject to satisfactory detailed arrangements being worked out with the government of Pakistan.

Bheramara-Kushtia Power Transmission Line

The Ganges-Kobadak irrigation scheme is part of a multi-purpose project for the irrigation and development of the Brahmaputra-Ganges delta in East Pakistan. In addition to irrigating a substantial area of arid land by pumping water from the river Ganges into certain old river-beds which are thus to become irrigation canals, this project will also produce electric power. Canada, Pakistan and the United States are contributing to the over-all scheme.

In 1954, Canada agreed to the allocation of $1.8 million for a steam power plant at Bheramara as a part of this broad scheme. A suitable plant has now been purchased and erected.

Canada has now agreed to build, at a cost of $1 million, a power transmission line from this generating plant for about 20 miles to a developing light industrial area which is acutely in need of electric power. Half of the sum required will be allocated from funds previously authorized for the power station but now no longer required.

Dacca-Chittagong Power Transmission Line

In 1954, Canada agreed to the allocation of $4 million to provide equipment and engineering services for the construction of an electricity transmission line between Dacca, the provincial capital, and Chittagong, the chief seaport of East Pakistan. The line was designed to carry power from Dacca, where a steam plant is under construction, to Chittagong some 153 miles away, where there is an urgent need for power.

It was understood in 1954 that a surplus of power would be created in the Chittagong area when the Karnafuli hydroelectric plant near Chittagong was completed by the United States. The Canadian transmission towers were, therefore, designed to carry two circuits, with a view to the ultimate reversal of flow from Chittagong to Dacca and an increase in the amount of power transmitted, but Canada did not at that time undertake to supply the second circuit.

At the request of the government of Pakistan, Canada has now agreed to provide the second circuit, in view of the need for it in the fairly near future. It is estimated that the cost will amount to $1.6 million, providing that it is erected at the same time as the first circuit.

Ceylon

Discussions have recently taken place between Ceylon and Canada concerning the allocation of $2 million earmarked for the 1957-58 Canadian Colombo plan capital aid program in Ceylon. Ceylon suggested that $1 million worth of this amount be supplied in flour. Canada has approved this proposal, as indicated to the house on October 22 by the Prime Minister. With regard to the counterpart funds, which will be created by the sale of the flour to distributors in Ceylon, arrangements will be made to allocate these to development purposes.

With regard to the other $1 million, Ceylon has submitted the following proposals, which have been accepted by Canada.

Additional Transmission Lines in the Gal Oya Valley

In this area in eastern Ceylon, Canada has been contributing to the construction of power lines as part of a multipurpose agricultural development scheme. Last year $400,000 was made available for power lines in connection with the irrigation pumping stations. Canada will now undertake a further stage in the construction of the electric power transmission system in the development area, at a cost of $200,000.

Remedial Equipment for the Rehabilitation Centre at the University of Ceylon

Remedial equipment to a value of $12,500 will be provided for the treatment of crippled and deformed people under a teaching and training program of the University of Ceylon.

Continuation of Canadian Aerial Survey in Ceylon

One of the major Canadian projects in Ceylon has been the carrying out of an aerial photographic survey which Ceylon regards as an essential basis for its economic development program. At the request of the Ceylon government, Canada has now agreed to undertake a supplementary geophysical survey at an estimated cost of $750,000, of which $640,000 will be allocated from this year's funds and the balance from the 1958-59 program.

Pest Control Units

A number of agricultural pest control units have already been supplied to Ceylon by Canada, initially as a pilot project, and then as a continuing project. At the request of

the Ceylon authorities, Canada will provide an additional four units this year, at a cost of $14,000.

Standby Radio Unit for Colombo Airport

In 1954 Canada agreed to provide $205,000 worth of telecommunications equipment for use at the Colombo airport. This equipment, largely of Canadian manufacture, is being installed under the direction of a Canadian telecommunications firm. Ceylon has accepted the recommendation of this firm that there should be a stand-by radio unit for use at the airport; Canada has agreed to provide this unit, at a cost of $17,500.

X-ray Maintenance Equipment

On the recommendation of a Canadian Colombo plan expert who is instructing Ceylonese technicians on the use and maintenance of X-ray equipment, Ceylon has asked Canada, and Canada has agreed, to provide $3,000 worth of X-ray maintenance equipment which is required in his teaching program.

Equipment for Technical Institute

A Canadian Colombo plan expert has made detailed proposals as to the final instalment of training equipment needed by the technical institute, which is being built, in the main, through the use of counterpart funds generated by the sale of Canadian flour, and being equipped almost completely by Canada. The institute, when completed, will be virtually an entirely Canadian project. Canada has agreed to contribute an additional $100,000 for equipment.

Installation Crane

Canada has already contributed a number of cranes for use in Colombo harbour. To complete this project, Ceylon has requested an installation crane costing $13,000, which is required to erect the harbour cranes, and which will be used in regular harbour work afterwards. Canada has agreed to meet this request.

HOUSE OF COMMONS

Friday, December 20, 1957

The house met at eleven o'clock.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, December 20, 1957

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 20th December, at 12.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

POST OFFICE DEPARTMENT

POSTAGE STAMPS—STATEMENT ON ELIMINATION OF CORNER BLOCKS

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I have a brief announcement in connection with stamps. The previous administration decided early this year to eliminate certain identifying marks known as plate numbers on the corner of each sheet of postage stamps sold. While this action was designed to avoid confusion and delays in the public sale of stamps by those collectors who desired special selections to be made by post office clerks, it had the unfortunate effect of denying to those same people the opportunity of pursuing their hobby of collecting corner plate blocks of stamps.

I have been impressed by the representations from these collectors and others, and in accordance with the government's policy of operating as efficiently as possible while still giving due weight to the interests of those who are affected by government action, I have decided on an amendment to the decision of the previous government in this matter.

Therefore, while plate numbers will no longer appear on those sheets of stamps sold at post offices throughout the country, thus eliminating a cause of annoyance and delay to those purchasing stamps for ordinary use, sheets bearing such a designation will be available for sale to any interested collector, at the face value of the stamps, through the philatelic section of the Post Office Department at Ottawa.

Since stamps are designed and printed a considerable time in advance of their issue, it will not be possible to apply this new treatment to certain issues designed by the previous administration which were too far advanced in production for it to be applied. However, the new system will enable all collectors who are interested in this branch of the philatelic hobby to continue their collections as in the past, and is yet another indication of the desire of the Post Office Department to offer satisfactory service to every Canadian.

SHIPPING

GROUNDING OF C.G.S. "BAFFIN"—STATEMENT ON REQUEST FOR PUBLIC INQUIRY

On the orders of the day:

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to make the following statement:

Requests have been made by some hon. members of the house for a public inquiry to be made on the stranding of our hydrographic ship *Baffin*, which accident happened in July last off the coast of Nova Scotia. A similar request has been made by correspondence to my colleague the Minister of Transport.

In view of these circumstances I wish to inform the house that I have requested my colleague the Minister of Transport to take the necessary steps to conduct a formal investigation under the Canada Shipping Act into the circumstances surrounding the accident.

[*Later:*]

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport. Will this formal investigation into the bad day at Black rock be a public investigation or a public inquiry?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker.

LABOUR CONDITIONS

ACCELERATED WORKS PROJECTS TO PROVIDE WINTER EMPLOYMENT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am pleased to inform the house that the Canadian National Railways today announced an accelerated works project involving an expenditure of $3,500,000. The work being undertaken will be included in the Canadian National Railways 1958 budget. The government has given advance

approval to these projects in order that the work may provide winter employment.

The accelerated works program includes equipment conversion work to be carried out in the railway shops at Moncton, New Brunswick; London, Ontario; Calder, Alberta; and Port Mann, British Columbia; enlargement of railway yards at Corner Brook, Newfoundland, and Moncton, New Brunswick; railway spur construction at Atikokan, Ontario; and the construction of portable railway dwellings. This program will provide approximately 1,062,000 man hours of work for approximately 600 men during the winter months.

I should also like to inform the house that a request has been forwarded to the Department of Public Works to proceed as early as possible to call for tenders for the construction of a new marine agency building at Halifax, and also for the second stage in the wharf construction program in the Saint John, New Brunswick agency.

[*Later:*]

Hon. George C. Marler (St. Antoine-Westmount): I should like to direct a question to the Minister of Transport. He spoke earlier of the special projects being undertaken by Canadian National Railways. In view of the fact there are some 38,000 unemployed in Montreal, is it the intention of the railway company to proceed more rapidly with the construction program at the Cote de Liesse yard and other works in the Montreal area?

Mr. Hees: That is a question, the answer to which I do not think the hon. member would expect me to have at my finger tips. I shall make inquiries of the management of Canadian National and answer as soon as possible.

[*Later:*]

Hon. Paul Martin (Essex East): The other day the Minister of Transport was kind enough to give us a review of some projects he was carrying on in his department, and he did so again this morning. Would he give consideration now to whether or not it is possible to carry out the program he has in mind for the Windsor airport at once, at a time when it may provide some work? I do not know whether or not that can be done, but I would ask the minister if he would mind looking into this and giving me a reply tomorrow.

Mr. Hees: Yes, I shall be glad to look into the matter and give an answer soon.

[*Later:*]

Mr. D. F. Brown (Essex West): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. Under the policy as announced yesterday by the minister for providing work for the unemployed, is it the intention of the government to set up these work camps for unemployed persons in central Canada as well as in the west and north?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the projects that I announced yesterday are not work camps; they are simply moving forward in the Department of Northern Affairs and National Resources those projects that we ordinarily do in the national parks, with one exception, the Mackenzie highway, which I described separately. Therefore, it is a question of taking ordinary work and moving it forward. As the hon. member knows, we have not too many national parks in the central provinces.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Has the minister any estimate as to the number of jobs there will be in the Terra Nova park?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker, the Terra Nova project comes under several headings on my plan sheet. Therefore I shall have to speak subject to correction. However, I do not think the error will be serious. I would say roughly on the one project at Terra Nova there will be about 75 men. There is another project here under "roads and trails" which might add something to that number, but I would say that 75 would be about the estimate.

Mr. Pickersgill: I congratulate the minister.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, may I ask the minister a supplementary question also. Is there any mention of Fundy national park there?

Mr. Chevrier: Next sitting of the house.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I did not expect to get all this attention. There are several projects in Fundy. One project will take 150 men and another project about 20 men. I do not know how many will come under "miscellaneous projects". That gives a total of approximately 170 in that area.

CANADIAN NATIONAL RAILWAYS—LAY-OFFS AT TRANSCONA AND FORT ROUGE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of Transport, of which I gave him oral notice, following the statement he made earlier today as to the welcome decision of Canadian National Railways to go in for

certain special projects. In view of the lay-offs that have taken place during the fall and winter at the Fort Rouge and Transcona shops of the Canadian National Railways, why did this statement not include the announcement of some special projects for those two shops as well?

Hon. George H. Hees (Minister of Transport): This was an announcement made by Canadian National Railways today, and I simply repeated it in the house. I shall be glad to communicate with the management of Canadian National Railways to see if something can be done in Winnipeg.

TRADE

MISSION TO UNITED KINGDOM—REQUESTS FOR STATEMENTS BY MINISTER

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Trade and Commerce, but first let me tell him that we are happy to see him back in the house and to welcome him here—

Some hon. Members: Hear, hear.

Mr. Chevrier: —after what appears to have been a successful trip. I do hope the mission is more successful in fact than in appearance, but I listened with care to the news report broadcast this morning wherein I thought I understood the minister to state, among other things, that he did not think purchases made in the United Kingdom were going to take business away from Canadian firms. In view of that statement I would like to ask this question. Has the minister any estimate of the amount of trade which has already been diverted from the United States to the United Kingdom because of the trade mission?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I would like to thank the hon. member for Laurier for his kind welcome back to the house and for his complimentary remarks on a mission which achieved a success in Great Britain beyond all expectation.

I am unable to give him the information he is now seeking because we have not assembled the full information from the members of the mission who were over there. A certain number of orders were placed and others are being contemplated, but what those amount to in the diversion of orders from the United States to the United Kingdom will have to be determined later.

We stressed throughout the course of the mission that we were aiming at long-term results, and that we could not assess the success of the mission merely on what orders might be placed this month or next.

Mr. Chevrier: May I ask a supplementary question, Mr. Speaker. I am grateful for the answer the minister is able to give, but as I followed the results of the mission there were, it appeared to me, three orders which were of consequence by way of purchases from the United Kingdom, that of the Hydro-Electric Power Commission of Ontario, that of the Canadian National Railways and that of the B.C. Packers, the latter for tin plate. I would like to ask the minister if he can assure the house that this tin plate order could not have been produced in Hamilton.

Mr. Churchill: Mr. Speaker, I do not know the particulars of the order the hon. member has mentioned, and I have no information on that particular subject at this moment.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question, Mr. Speaker. Do I understand that an office is to be established in the city of Ottawa to encourage British sales in Canada? The question I have in mind is this. Will this office also promote orders for sales to the United Kingdom or encourage two-way trade? Is this merely an office to promote the sales of British goods in Canada, or is it a reciprocal arrangement which will also promote the sale of Canadian goods in Britain?

Mr. Churchill: Mr. Speaker, the purpose of the establishment of an office in Ottawa, which I announced when we landed at Dorval yesterday, is to complete the work of the mission. The members of the mission are preparing reports which will be sent in to this office, and those reports will be analysed and summarized. A general report of the work of the mission in its entirety will be published, and all that will take some time.

In order to make an immediate start I thought it wise to set up an office in the building now occupied by the Department of Trade and Commerce, No. 1 building on Wellington street. I have placed in charge of that office Mr. Peter Stursberg, who rendered invaluable assistance to the mission while it was in the United Kingdom. He, along with Mr. Parlour of the trade and commerce department who acted as secretary of the mission while it was overseas, will maintain contact with the members of the mission and with their counterparts in the United Kingdom, and in the course of four to six weeks will assemble all the information, which will then be incorporated in the report. At the same time that office will provide any immediate information which may be required by people in the United Kingdom. I did not conceive it as being a permanent office, as one of the articles in one of the papers indicated. It is for the purpose of completing the task of the mission.

Inquiries of the Ministry

Hon. Paul Martin (Essex East): May I ask a supplementary question, Mr. Speaker. The minister will remember that before he went to England I asked him whether he was going to take advantage of his visit not only to head the official trade mission, but more particularly—and I think the house will regard this as more important—whether he was going to discuss with the British government its proposal for freer trade arrangements between Canada and the United Kingdom, and whether or not he was going to take advantage of his visit to give more precise information about the Canadian proposal made by the Prime Minister for the transfer of purchases from one country to another.

Can the minister say now whether or not he has had discussions about these two important proposals with members of the British government, and can he give the Canadian people some information as a result of those discussions?

Mr. Churchill: Mr. Speaker, I think everyone appreciates the interest of the hon. member for Essex East in stimulating trade. I did not have the opportunity which he thought perhaps I might have to discuss with the United Kingdom government these important and weighty problems. The mission had two distinct objectives. One was to investigate thoroughly the productive capacity of British industry, and the second was to draw to the attention of the people in the United Kingdom the great advantages that lie ahead for Canada.

We visited 100 manufacturing establishments in the United Kingdom; we travelled about 1,500 miles through England, Wales, Scotland and Ireland. Our time was fully occupied in making that investigation, in discussing with British businessmen their problems and pointing out to them the advantages that lie ahead in this country. When you consider that more than 1,200 British firms asked permission to meet and talk with members of our mission you will fully appreciate that we did not have much time for any other activities.

Hundreds of those who asked to see the members of our mission were accommodated in London, in Manchester, in Glasgow and in Leeds, and sat down and talked in small conference groups or face to face with members of our mission. I participated in some of these conferences; but with all this activity going on—and the hon. member for Essex East has been on various missions abroad himself—he will fully appreciate that there was not an opportunity to discuss at great length, as would be necessary, the problems involved in his question with regard to trade with the United Kingdom along the lines he was suggesting.

Mr. Martin (Essex East): Mr. Speaker, may I ask a further supplementary question. I thank the minister for his statement in which he said he discussed trade problems with officials of the British government and with private individuals. May I ask him whether he is in a position now to say whether the government is giving serious consideration to the British proposal, which I understand is the only way by which the proposal made by the Prime Minister could be validated under GATT?

Mr. Green: Well, that is a speech.

Mr. Pickersgill: What did we have from the minister?

Mr. Churchill: Well, Mr. Speaker, I do not object to commenting at length on any of these questions if that is desired.

Mr. Martin (Essex East): No; I think it is good.

Mr. Churchill: I have not had an opportunity to confer with my colleagues, as the hon. member for Essex East well knows, due to a considerable absence from Ottawa, and I am not at this moment in a position to give an answer to his question.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Minister of Trade and Commerce. In view of the fact that the hon. member for Laurier has asked for restrictions on purchases abroad and the hon. member for Essex East has asked for free trade, can the Minister of Trade and Commerce say just what it is he is being expected to reply to?

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. The hon. gentleman from Winnipeg North Centre obviously did not listen to my questions. There is no doubt where I stand as to the desirability of freer trade, but that was not the question I asked. The question I asked was what is the government's policy with regard to this matter.

Mr. Speaker: Order. That is hardly a point of order.

Mr. W. J. Henderson (Kingston): Mr. Speaker, I have a supplementary question which I should like to direct to the Minister of Trade and Commerce. Could he advise the house as to the cost of this buying mission to the Canadian government?

Mr. Churchill: No, Mr. Speaker, not at the present time. That will come later.

Mr. Martin (Essex East): All bills do.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, Mr. Speaker. Could I ask the Minister of Trade and Commerce if he does not think that, in view of the fact that this office he is setting up here in Ottawa is for the purpose of diverting trade, it would have been more appropriate to have put a businessman at its head rather than a publicity man?

Mr. Churchill: I think not, Mr. Speaker. We have made considerable contacts with very experienced businessmen, all of whom, the hon. member will discover, were very much impressed with the activities of the mission in England and thought it was an excellent idea. Mr. Stursberg is well acquainted with these businessmen and has their entire confidence.

Mr. Chevrier: I should like to direct to the Minister of Trade and Commerce another question arising out of the mission to Britain. I hold in my hand a copy of *La Presse* for Thursday evening which reports a statement made by Mr. Ouimet, one of the members of the mission and a person whom I know very well, in which he pays some tribute to the mission. Perhaps I could just preface my question with what is said. Mr. Ouimet is reported as saying:

(*Translation*):

The month-long journey in British territory by the 58 members of the mission was very successful and interesting in more than one respect.

The mission, stated Mr. Ouimet, "really sold Canada, a land with a great future, which ranks among the world's largest importers."

(*Text*):

This is the question, which I shall read in French and then translate:

Le but principal du voyage n'était pas d'acheter de la marchandise mais plutôt de rencontrer des industriels britanniques et leur faire part du besoin de notre pays d'exporter.

"The principal object of the trip was not to buy merchandise or commodities, but rather to meet British industrialists and to advise them of the needs of our country to export." Does this statement meet with the minister's understanding of the objective of the mission to the United Kingdom?

Mr. Churchill: Mr. Speaker, of course I shall have to check the original to see whether the hon. member's translation is accurate.

Some hon. Members: Oh, oh.

Mr. Churchill: Mr. Ouimet was a very distinguished and competent member of our mission and was of great assistance to us during the course of our tour. I think perhaps he has not been quoted in full because, as was stated time and time again, we were urging the people in the United Kingdom to take a more active part in the exporting of goods to this country because there is an imbalance in our trade as far as they are concerned. They buy $2 worth of goods for every $1 that we spend in the United Kingdom. Naturally in the course of these conversations people discussed the expansion of Canada's trade with the United Kingdom, and I think that is precisely what Mr. Ouimet was dealing with.

Mr. Marler: I think the minister needs to read the paper again.

BASE METALS—RETALIATION AGAINST UNITED STATES TARIFF INCREASES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to address a question to that industrious minister whose modest use of the words, "devotion", duty, destiny and dedication" we all appreciate, the Minister of Trade and Commerce.

Has the government recently received any representations from representatives of employers or employees in the base metal mining industry urging retaliatory measures against the United States threat to increase tariffs on non-ferrous metals? If so, is the government giving consideration to such proposals?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, the hon. member caught me off guard, because I did not recognize that his introduction could possibly apply to me. I have not had time to check all the material that has reached the office in my absence, and I am not sure whether such representations have been made.

IMPORT PERMITS FOR COMMODITIES UNDER FLOOR PRICES

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): I should like to direct a question to the Minister of Trade and Commerce. I appreciate the fact that the minister has been absent from the house, but the question might be answered by the Minister of Agriculture because it affects his department as well. Has any import permit been issued by the government for the importation of any commodity or commodities that have established floor prices?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not know to what period the hon. member refers. I would think if he tied his question to a certain period we would be in a better position to answer it. I do not recall any import permits having been issued within the last short period, though there may have been.

Mr. Huffman: I meant since June 21, under the present government.

Inquiries of the Ministry

Mr. Speaker: Order. That is the sort of question that might very well be put on the order paper, because it is just for general information.

WHEAT—INQUIRY AS TO NEGOTIATIONS WITH SPAIN AND POLAND

On the orders of the day:

Mr. Peter Stefura (Vegreville): I should like to direct a question to the Minister of Trade and Commerce. For the last two weeks or so we have had trade delegations from Spain and Poland in our country who desire to buy our Canadian wheat. Can the minister tell us what negotiations, if any, have been completed and what was the nature of those negotiations?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I think no public announcement should be made with regard to negotiations such as these until they are complete. I have nothing to report to the hon. member at the moment.

Mr. Stefura: On December 7 the minister stated that he might consider the acceptance of soft currency from these different countries. Is that being considered in these cases?

Mr. Churchill: Mr. Speaker, I certainly expressed it as "might" and did not express it as "will", as I noticed it in press reports. I said that the acceptance of soft currency to me was equivalent to a loan, and what I was saying in those remarks was that the question of loans might have to be seriously considered in negotiations with certain countries which have not been in the past cash customers for Canadian wheat.

AGRICULTURE

BOW RIVER, ALTA.—PETITION RESPECTING FARM UNITS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to ask a question of the Acting Prime Minister. Has the Acting Prime Minister considered the petition dated December 11 addressed to the Prime Minister regarding the settlers in the Bow river project, Hays area, Alberta? If so, will the minister assure the house that steps will be taken immediately to allow these farmers to obtain economic farm units? If not, would the minister look into the matter as soon as possible?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, the Minister of Agriculture will deal with that question.

[Mr. Huffman.]

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have not the particular petition referred to. I will be glad to look into the matter when and if I receive it. However, I think the matter referred to is one which was contained in a long letter addressed to the Prime Minister and forwarded to me containing numerous but confused complaints with regard to the difficulty of a certain family group at Hays. I might say that those complaints were investigated by the local of the Alberta farm union at Hays, and the local did not seem to think there was very much in them.

Mr. Olson: A supplementary question, Mr. Speaker. The petition to which I am referring is not a family affair. It is signed by 104 farmers in that area.

Mr. Harkness: Probably it is a different matter, and I shall be very glad indeed to look into it.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR CONSTRUCTION OF LINE ON NORTH SHORE OF ST. LAWRENCE

On the orders of the day:

Mr. Lomer Brisson (Saguenay): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the statement made yesterday by the minister that the Canadian National Railways is studying a proposal for the construction of a railway line between Matane and Ste. Anne des Monts, will the minister give consideration to the construction of a railway line on the north shore of the St. Lawrence, east from Murray Bay, extending through Baie Comeau and Seven Islands, which is required because of the tremendous development of natural resources in that area?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, this government is willing to consider any sensible proposition that is put forward to it, and if the people of that area present a brief, urging study of such a project, the government will be glad to study it when it is received.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question. May I remind the minister that this railway to which the hon. member has reference was brought to the attention of the Gordon commission and representations were made on that occasion. Therefore I think the minister can get a detailed statement of the proposal there.

Mr. Hees: Mr. Speaker, may I ask the former minister what was the attitude of the former government toward that proposal?

Mr. Chevrier: Yes.

Mr. Speaker: Order.

Mr. Chevrier: I will be delighted to answer the question.

Mr. Speaker: I must declare the question out of order. It is no longer the responsibility of the former minister.

AIR TRANSPORT

MARITIME AIRWAYS CRASH, QUEBEC—PUBLIC INQUIRY

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of Transport. Has a public inquiry been held into the disaster which occurred to the Maritime Airways plane some time ago in the province of Quebec? If so, will the report be tabled in the house?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, that inquiry will be conducted, but it has been held up due to the fact that this was an accident in which there was practically nothing left that could form reasonable evidence from which the reason for the crash could be deduced. It has been necessary to bring out from England a specialist to examine what evidence has been brought forward so far, and it is expected that the public inquiry will start some time soon after the new year. I can assure the hon. member and the house that it is the desire of my department and the board of inquiry that is to sit on this question to have the matter examined just as soon as possible.

NATIONAL DEFENCE

NUCLEAR WEAPONS—TRANSPORTATION BY AIRCRAFT ACROSS CANADA

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to address a question to the Minister of National Defence. Is the minister able to confirm or deny the report that nuclear weapons are being transported by Canadian or foreign aircraft over Canadian territory? If such is the case, is this being done with the agreement and consent of the Canadian government?

Hon. G. C. Nowlan (Acting Minister of National Defence): Mr. Speaker, I believe that question should be answered by the minister himself when he returns. Although I am in a position to give an answer I would prefer that it be dealt with by the minister, in view of the fact that he will be back within the next few hours.

TELEVISION

CORNER BROOK, NFLD.—REQUEST FOR COVERAGE

On the orders of the day:

Mr. H. M. Batten (Humber-St. George's): Can the Minister of National Revenue give any information concerning what provision is being made by the Canadian Broadcasting Corporation for television coverage in the city of Corner Brook, Newfoundland?

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, the Canadian Broadcasting Corporation is conducting surveys and making preliminary plans for the extension of television in various centres of the country, including the area to which the hon. member has referred. No specific commitment can be made until the corporation's appropriations have been approved by parliament for the forthcoming year.

TRANSPORT

NEWFOUNDLAND—CHANGE OF RAILWAY TO STANDARD GAUGE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if the Minister of Transport could tell the house what progress has been made by his department in arranging for the transformation of the Newfoundland railway to standard gauge, as was promised by the Prime Minister in St. John's before the election?

Mr. Green: Why did you not do it?

Mr. Marler: We never promised it.

Mr. Pickersgill: We did not promise it.

Mr. Speaker: Order. It seems to me, with all due respect to the hon. gentleman and his interest in this matter, that it is not urgent. It has been under consideration for some time and possibly will be for some further time. I think it might go on the order paper.

Mr. Pickersgill: I defer to you, sir.

HOUSE OF COMMONS

STATEMENT AS TO DISTRIBUTION OF PARLIAMENTARY GUIDE

On the orders of the day:

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, yesterday the hon. member for Verdun asked a question with regard to the distribution of the Parliamentary Guide. As hon. members are probably aware, this is published by a private individual. We have made inquiries, and find it will probably be ready for distribution toward the end of January.

Inquiries of the Ministry

NATIONAL REVENUE

REQUEST FOR CHANGE IN SHIPS STORES REGULATIONS RESPECTING TOBACCO AND CIGARETTES

On the orders of the day:

Mr. L. R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of National Revenue. Will the minister give consideration to extending the ships stores regulations to include tobacco and cigarettes for deep sea fishermen who spend more than 10 days at sea on any one voyage?

Hon. G. C. Nowlan (Minister of National Revenue): The regulations are being amended at the moment, and I am making a submission to council in that respect. I am prepared to recommend that the regulations be amended with respect to cigarettes, tobacco and cigars for fishermen who spend more than 10 days at sea.

DISABLED PERSONS

INQUIRY AS TO AMENDMENT OF REGULATIONS UNDER ACT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Have the regulations under the Disabled Persons Act, which I believe were amended just before the former government went out of office, been revised or amended since the act itself was amended? If not, is this matter under consideration with the provinces?

Hon. J. W. Monteith (Minister of National Health and Welfare): I think I had better take this question as notice, Mr. Speaker. I cannot give the hon. member a direct answer at the moment.

AIRPORTS

MEDICINE HAT, ALBERTA—INQUIRY AS TO ENLARGEMENT

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, on October 29 the Minister of Transport stated that his department was considering lengthening the runways at the Medicine Hat airport. Can the minister say what action has now been taken to have this work done as soon as possible?

Hon. George H. Hees (Minister of Transport): I thank the hon. member for giving me notice of his intention to ask this question. The construction program for next year is being reviewed to see what projects could be speeded up by an earlier start, but no decision has yet been reached with regard to Medicine Hat.

[Mrs. Fairclough.]

AGRICULTURE

MEASURE TO PROVIDE GUARANTEED PRICES FOR CERTAIN COMMODITIES, ETC.

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. 237, for the stabilization of the prices of agricultural commodities.

He said: Mr. Speaker, this is the stage at which the general principle of the legislation before the house is debated. For this bill the principle is to establish a flexible agricultural price support program which will provide a guaranteed yearly price for any—and I should like to stress the word "any"—agricultural commodity for which such a guaranteed price may be required; and further, to provide an ultimate security feature which will ensure that, as far as nine key agricultural commodities are concerned, a mandatory floor will be in effect at all times. Both these levels of support are to be related to a moving average formula.

The guarantees provided to Canadian farmers by this bill are much greater than anything they have ever had before, and these guarantees are implicit in the bill. However, concern has been expressed by members of parliament of this party representing rural constituencies and by officials of farm organizations that these guarantees are not spelled out in sufficient detail in the bill, and that this omission has led to misunderstanding as to what the bill can and will do for our farmers.

In order to remove any doubts as to what is intended I am quite willing to spell out the guarantees which are implicit in the bill. To this end I have consulted officials of the Canadian Federation of Agriculture and of the farm unions, and have asked them for their opinions and recommendations as to how they think the legislation can be improved within the general principle of the bill of providing a flexible price support system.

Having held these various consultations, I am prepared at the committee of the whole stage to move, or rather I should say to have moved, amendments along the following lines. First, the inclusion of a preamble in these words:

> Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy: Therefore—

And then comes the usual enactment phrase. This preamble has been put in so it will serve to indicate clearly the nature and purpose of the act, to the end that there

will be no ambiguity whatever as to what is intended by the act and what its purpose is.

Second, to add a new subsection to section 2 to read:

(2) In prescribing a percentage of the base price of an agricultural commodity under subparagraph (i) or (ii) of paragraph (e) of subsection (1), the governor in council shall have regard to the estimated average cost of production of the commodity, and such other factors as the governor in council considers to be relevant.

The addition of this new subsection will make it clear that the cost of production is the most important factor to be taken into consideration in setting the guaranteed annual price.

Third, in connection with the make-up of the advisory committee, I have been informed that some doubt existed because of the wording there, as to whether the members of that committee would be all farmers or representative of farm organizations. To remove any doubt along that line the proposal is to strike out the words "include representation from" and make the clause read:

5. (1) The minister shall appoint an advisory committee, consisting of a chairman and at least six, but not more than nine, other members, composed of farmers and representatives of farm organizations.

As I said, that change is in order to make it absolutely clear that the advisory committee will be made up of farmers or their representatives from farm organizations.

Fourth, to add to subclause (1) of clause 7 in order to make it read:

The board shall from time to time in accordance with this act take such action as is necessary to stabilize the prices of agricultural commodities at their respective prescribed prices—

And this is the part which is added:

—and shall take such action and make such recommendations as are necessary to ensure that the prescribed prices for an agricultural commodity in effect from time to time shall bear a fair relationship to the base price for such commodity.

This wording has been added in order to ensure that the guaranteed yearly prices will be at an adequate level.

In addition to the representations that the guarantees in regard to the annual guaranteed prices were not spelled out sufficiently, the advice I have received is that the use of the three-year moving average as the means of determining the base price is viewed with disfavour at the present time because the prices during the past three years have not been satisfactory. As far as the general principle of this bill is concerned, it does not matter whether the formula used is the three-year moving average, a five-year moving average, or a ten-year moving average. I personally favour the three-year moving average formula, as I believe that over the long term it would prove more satisfactory and provide greater assistance to farmers than a five or ten-year base period.

However, in view of the recommendations of the farm organizations, and because the use of a 10-year moving average will now include five years of the highest prices which farmers have received—that is the period from 1948 to 1952—the government is prepared to amend the bill to provide for the use of a 10-year moving average as the base period rather than the three-year moving average. All that is required to do is to substitute the word "ten" for the word "three" where it appears in section 8 of the bill.

I think it is apparent that the willingness we have shown to consult with farm organizations and to make amendments to improve the bill in line with their thinking shows that this government takes no hard and fast take it or leave it attitude in regard to this very important matter.

Some hon. Members: Hear, hear.

Mr. Harkness: It demonstrates that we are prepared to go to any possible limit to meet the needs and desires of farmers within the general principle of putting into effect a flexible support system which will be practical and workable.

The general position taken by the right hon. member for Melville (Mr. Gardiner) and the Liberal party at the resolution stage of this legislation was that it does no more for the farmers than the Agricultural Prices Support Act which they introduced, and is probably not as good. I do not think any farmer who studies this legislation will agree with that contention.

There are, in particular, four very important differences between this legislation and the legislation we have had in effect so far. First of all, this legislation provides a formula to serve as a basis for setting support prices, and it will be possible to get some system into the type of support prices and the level of those support prices which have been set. Under the present legislation the comparatively small number of products which were put under price support were put on the level provided for them on an entirely ad hoc basis, and those supports were put on one level for one commodity which bore no relationship whatever to that put on for another commodity.

Second, this legislation provides quite definitely for an advisory committee, composed and representative of farmers, for the specific purpose of advising as to what commodities should be under price support and

the level of the guaranteed yearly price to be provided for them. The old legislation did contain provision for the board to appoint an advisory committee, and there was in fact an advisory committee. That committee was not, however, for the specific purpose of advising the board in regard to price support legislation, but was a carry-over from an advisory committee which had existed during the war. It was under the price support board, apparently only for what you might call a lack of any other place to put it.

The committee which has been in existence consisted of the deputy ministers of agriculture of the various provinces and some representatives of farm organizations. It met twice a year as a rule, though sometimes only once a year. It met for two days, gave advice on general agricultural questions, discussed general agricultural problems, and then made certain recommendations to the government; but as I say, it was not a committee for the specific purpose of advising in regard to the commodities which should be under price support and the levels of those supports.

The third main difference between this legislation and what we have had previously is that it provides for a guaranteed yearly price to be set one year in advance. Once they are set they are to remain in effect for the following 12 months. The old legislation contained no such provision, and nothing along that line is really done under it. Very frequently a price support was set for two or three months or something along that line; otherwise it was just set and there was no term provided, and it could be cut off at any moment.

There has been a very strong demand on the part of the farmers that the level of price supports should be known to them; that they should know when the supports are going to be in effect and what the levels are going to be during that period so that they as farmers may plan their operations accordingly. This legislation makes that provision.

The fourth main difference is that this legislation provides an ultimate security feature. It provides for a mandatory floor at all times on nine key commodities. The old legislation provided for no mandatory floors at all, and was not comparable to or in line with this in any way whatsoever.

The C.C.F. and Social Credit groups at the resolution stage criticized this bill because it has no rigid formula. That, in effect, is what most of their criticism boiled down to. An examination of what has happened in the countries where a rigid formula has been tried is a sufficient answer to that. I would just like to quote a little in regard to what has happened in the United States under a rigid price support formula to give to the house some indication of how very badly this has worked out. This particular document in my hand is a copy of a speech delivered by the secretary of agriculture for the United States, Mr. Benson, before an agricultural banquet at Iowa state college on December 5 of this year, just a short time ago. The first page is a summary and the rest is his speech itself. He states:

The only way in which price support by rigid—

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am rising on a point of order. The minister is now proceeding to discuss a bill which in some important particulars will not be the bill which will be finally passed, and I would refer you to Beauchesne's third edition, page 231, citation 666, which reads as follows:

It may become necessary, before the second reading of a bill, to make considerable changes in its provisions, which can only be accomplished, at this stage, by discharging the order for the second reading and withdrawing the bill.

It strikes me that the very consequential amendments which the minister indicates will be moved are changes in the bill which are so substantial that hon. members of this house will be discussing, when the minister sits down, a bill which is not the bill that the government now recommends and which we are going to finally pass. Consequently it seems to me that in order to facilitate the business of the house the only thing to do is to withdraw the bill, discharge it, and introduce a new bill which will give hon. members an opportunity of discussing the matter intelligently.

Member after member will rise in this house and discuss a bill which has been distributed and which, Mr. Speaker, according to the statement of the minister this morning, will not be the bill that will go into committee, let alone come out of it, because he has already told us that in certain important particulars the bill will not be the same. Consequently at second reading we can scarcely discuss a bill which is to be amended so fundamentally and which will no longer be the bill we are going to discuss this morning.

I do not know, Mr. Speaker, whether you would like to discuss this matter now, but I am raising it at this time in order that the matter may be considered.

Mr. Speaker: Before another hon. member speaks, may I ask the minister whether he

has any intention, when he finishes his remarks, of substituting another bill at this stage. What is his plan of procedure?

Mr. Harkness: No, Mr. Speaker. Speaking on the point of order, I think none of the objections which the hon. member for Rosetown-Biggar has taken apply. As I stated in the earlier part of my speech, I was merely indicating that I was prepared to move amendments which would spell out the guarantees which are implicit in the bill, and I put considerable emphasis, you will perhaps remember, Mr. Speaker, on that point. I indicated also that the change from the three-year moving average to the ten-year moving average makes no change in the principle of the bill whatever. As far as the principle of the bill is concerned, which is to introduce a flexible price support system, whether you use a three, four, five, six, or ten-year moving average makes no difference.

Some hon. Members: Oh, oh.

An hon. Member: Do you want to hold it up?

Mr. Harkness: The result is, Mr. Speaker, that the amendments which I indicated the government is quite prepared to move have no effect on the general principle of the bill and there is no necessity for a new bill. This is merely a matter of writing in in more explicit terms the guarantees which are already there, and which are implicit in the bill, and of substituting one year-period for a different period.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, may I point out one or two things in connection with this point of order which has been raised by the hon. member for Rosetown-Biggar? It is the accepted practice in this house for the government to move amendments to a government bill while it is in the committee stage. Last evening the Minister of Veterans Affairs introduced several amendments to the bill which was amending the Pension Act, and those amendments were moved at the committee stage. This is done time after time, and I really am puzzled about the objective of the hon. member for Rosetown-Biggar when he raises a point of order of this kind on this particular bill.

The Minister of Agriculture need not have mentioned that there would be any amendments at all during this second reading stage of the debate; he could have waited until we were in committee, but in order to be absolutely fair to the hon. members of the house and tell them what he had in mind by way of amendments, at the opening of his remarks he said very frankly exactly what he is proposing to do. That was done many times by the former government, and it is a practice adopted so as to be fair to opposition parties.

For that reason the Minister of Agriculture has followed this same procedure today; and I do submit, Mr. Speaker, that for the hon. member for Rosetown-Biggar to take that courtesy shown to the house as a foundation for an argument that the bill should now be withdrawn is really going very much further than any of the rules of the house have ever contemplated.

I suggest that what the Minister of Agriculture is now doing is the sensible and fair thing. He is perfectly in order in carrying on with his speech, just as the members of all three opposition parties would be in order in carrying on and debating the bill and at the same time dealing with the proposals he has mentioned.

Mr. Louis Denisel (St. Boniface): Mr. Speaker, it would be easier at least if we could have copies of these proposed amendments made available immediately so we would know what we are talking about; and possibly the minister would agree to adjourn the debate until later on in the day in order that hon. members may have a chance to study these amendments.

Mr. Green: We never give copies in advance of amendments to be moved in committee. The government did not have to say one word about these amendments until second reading was over.

An hon. Member: But they did.

Hon. Lionel Chevrier (Laurier): On the point of order, Mr. Speaker, I object to what the hon. gentleman has just said, and particularly to the manner in which he has said it. Yesterday the Minister of Agriculture—I should like to be allowed to proceed, Mr. Speaker, but if there are others over there who want to obstruct me, then it is all right.

Mr. Speaker: I should appreciate it if all hon. members would direct their remarks to the point of order which is before the house.

Mr. Chevrier: Speaking to the point of order I should like to say this; that yesterday the hon. member for Melville asked a question of the Minister of Agriculture dealing with a press report in the Montreal *Gazette* in which it was announced in advance what is being done this morning. The details now being discussed were contained in the newspaper article. The hon. minister at that time answered this:

> Mr. Speaker, I think the right hon. gentleman knows that any announcements with regard to government decisions or policies will be made in the

house in due course, and not as a consequence of confirming or denying speculative reports in newspapers.

Mr. Harkness: Well?

Mr. Chevrier: That sounded pretty well, but in effect what is happening, what has been stated this morning, is a confirmation of what we read in the press yesterday, which is in entire contradiction to what the leader of the house says now.

Mr. Speaker: I think the hon. member is straying from the point of order. He is discussing something that was done yesterday. The question before the house is whether the amendments which have been proposed, or rather the amendments which it is the intention of the Minister of Agriculture to propose, make such changes in the character or the principle of the bill that it would not be fair to debate the principle without having those amendments before the house.

I do not believe I can make a decision at the moment on that point, but perhaps I could give my preliminary thoughts on the matter. I know hon. members do not wish to delay the consideration of this legislation because of a technical objection. If there is an objection of substance we must, of course, deal with it so the house may have a fair opportunity to consider the bill. But I wonder whether the proposed amendments, which seem to me to be fairly precise—as I recall it there were five points in a bill of 17 sections—could be reduced to writing and distributed to the house before the debate resumes after lunch. It may be, as has been suggested by the minister, that they are not of such a novel character as to change the principle of the bill, and the debate could then proceed without any unfairness.

Mr. Victor Quelch (Acadia): Mr. Speaker, I think the point raised by the hon. member for Rosetown-Biggar was well taken. At the present time we have the bill before us. The minister has referred to certain amendments, and these amendments are not before us at the present time. But we are supposed to debate the bill as it is, not as it may be, and I think the suggestion made by Your Honour is a good one. If these amendments could be printed and distributed to us and the debate then resumed I think most of the objections could be overcome, but I certainly think it is a mistake to continue to debate this bill until such time as these amendments are before us.

Mr. Coldwell: I think that would be more satisfactory than anything else.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I was not in the house when this point of order was first raised but I do know, and this is within the recollection of many hon. members, of numerous occasions when bills have been introduced and after their introduction, at this stage, the minister in charge has given notice of amendments which he proposes to ask one of his colleagues to move in committee.

It seems to be an eminently sensible arrangement, a much fairer thing to do at this stage than to wait until we are in committee and do it then.

The point of order therefore seems to be solely whether the proposed amendments are of such a character that they take the bill outside the scope of the preliminary resolution; and I think you will find, Mr. Speaker, that they do not have that effect and that they are perfectly in order.

All that is being done now is that as a matter of courtesy the minister is giving notice of his intention to move amendments in committee. If he had not given such notice we would later be accused of taking the house by surprise, and of being unfair to parliament. It seems to me that the sensible thing to do is to proceed with the debate. I am quite certain that my colleague the Minister of Agriculture will be willing to prepare copies of the proposed amendments so they will be in the hands of party leaders and spokesmen within a matter of a very few minutes. Surely the sensible course to follow is to accept the notice now and go on with the debate.

Right Hon. J. G. Gardiner (Melville): Mr. Speaker, after listening to what you had to say a few moments ago I am inclined to think that we should have the amendments in our hands as soon as possible, indicating exactly what is being suggested by way of those changes. I do not wish at this time to be a party to holding up the discussion or stopping it. As a matter of fact the action I took yesterday in asking questions was in order to avoid that very thing. We all know what the rule is, and it is purely a question as to whether or not the principle of the bill has been changed in what is being suggested. I am inclined to think it has, but that is a matter which will be settled by Mr. Speaker himself when he looks into the matter fully; therefore I am not going to argue that question further.

My object yesterday in asking the question was to have the bill distributed in its new form before we reached this point at all. If that had been done the question would not have been raised by anyone. I still think the answer given yesterday was not in accordance with what has turned up today, and therefore I suggest that probably, as you have suggested, it is the proper thing for the minister

to go on and finish his speech. I had intended to follow him. I do not know whether I should be expected to do that before I see the terms of the new measure.

An hon. Member: You should not be.

Mr. Gardiner: But whatever your ruling is on the matter, Mr. Speaker, I am prepared to follow it.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if I might make a suggestion. I agree with Your Honour's contention that what has to be determined is whether or not the changes proposed by the Minister of Agriculture are substantial. I suggest that if in your opinion they are substantial you will have to have regard to the point of order raised on the basis of citation 666 of Beauchesne's third edition. If they are not substantial, then I think Your Honour will agree that as a matter of courtesy the amendments the minister proposed to have made in committee should be reduced to some sort of written form and placed in the hands of hon. members before they are asked to proceed with the debate.

The point raised by my leader may be construed as an attempt to delay debate. May I make it clear that the citation which he read from Beauchesne's third edition is taken from pages 388 and 389 of May's thirteenth edition, where May says:

> It may become necessary, before the second reading of a bill, to make considerable changes in its provisions, which can only be accomplished, at this stage, by discharging the order for the second reading and withdrawing the bill.

Let me read on in this paragraph:

> If a change of title be necessary, the practice is to order the bill to be withdrawn, and to move subsequently for leave to bring in another bill: but where the bill is withdrawn, for the purpose of making numerous amendments, without any change of title, a simpler form of proceeding is adopted. Upon the withdrawal of the first bill, a motion is made forthwith that leave be given "to *present* another bill instead thereof".

I wish to make it clear that if my leader's point of order was sustained that would not mean we would have to conduct a brand new debate at the resolution stage. It would simply mean the simple process of withdrawing this bill and asking leave of the house to present, in the words of May, "another bill instead thereof."

As I say, I agree thoroughly with your position that the decision you make will turn upon your view as to whether or not the changes are substantial. If they are substantial I suggest that May will have to be followed. If they are not substantial, then all that is needed is the courtesy of a written statement as to what are the changes the government propose.

Mr. John B. Hamilton (York West): Mr. Speaker, on this point I do not think your attention should be directed to the word "substantial". Reading from Beauchesne's third edition, citation 347 at page 138, the words used there are "to the granting or enacting". I think these are the important words and not the word "substantial" which has been referred to by the hon. member for Winnipeg North Centre.

Mr. Harkness: Mr. Speaker, if I may speak again on the point of order, I think the material and important thing here is that these amendments which I have indicated we are ready to move in committee of the whole do not change the principle of the bill in any particular whatever. The principle of the bill remains exactly the same.

There are two types of amendments, or perhaps I should say the amendments seek to do two things. The first group of amendments which I said we were willing to have moved are designed to spell out in explicit terms the guarantees which I say are absolutely implicit in the bill in any event, and are merely for the purpose of removing any doubt or ambiguity which may exist as to what is the purpose of the bill. The second amendment is merely a matter of changing in the bill the word "three" to the word "ten" so the base period of the formula contained in the bill will be on a ten-year moving average rather than a three-year moving average.

As I pointed out, as far as putting into effect a flexible price support system is concerned it makes no difference whatever what particular period of years you take as the base period for your moving average.

Mr. Solon E. Low (Peace River): Mr. Speaker, just one word before you make your ruling. I certainly would not want to hold up the discussion of the bill, but I think we have to take under very careful consideration what has been cited from Beauchesne's third edition in citation 666. This citation does not refer in any way to the principle of the bill or changes in the principle of the bill. The citation makes reference to considerable changes in the provisions of the bill. All the discussion thus far on the part of hon. members of the government has centred around whether or not there are changes in the principle of this bill. I simply point out to you, sir, that the citation is worded as follows:

> It may become necessary, before the second reading of a bill, to make considerable changes in its provisions, which can only be accomplished, at this stage, by discharging the order for the second reading and withdrawing the bill.

I contend that the amendments proposed by the minister constitute considerable changes in the bill. To refer to only one he suggested, I think as the second amendment he is prepared to propose a new subsection, and that new subsection refers to a "having regard" provision to the estimated average cost of production, which was not contained in the old bill at all.

Mr. Knowles (Winnipeg North Centre): Either it is a change or it is not.

Mr. Low: Either it is a substantial change or it is not. As far as I am concerned it is substantial enough to warrant asking the minister to provide the members with a written statement of the changes he proposes before we have to debate the principle of the bill.

Mr. Harkness: I have already asked my colleague to take out the notes I have and get the changes which are proposed mimeographed so they will be ready for distribution as soon as possible.

Mr. Speaker: I appreciate the assistance I have had from all sides of the house on this point. I think it is an important point. I am not disposed to rule the minister out of order in this debate on second reading, though I think he comes pretty close to being out of order in discussing particular sections of the bill which it is necessary for him to do in giving a forecast of his amendments.

However, I am not prepared to deal with the ruling at this moment. With the leave of the house I should like to defer that question until after luncheon and allow the minister to proceed with his address. As the house knows, we are to have royal assent at a quarter to one. Perhaps the right hon. member for Melville may not have to begin before that time. I shall reserve my decision and give it right after the noon adjournment.

Mr. Johnston (Bow River): When the minister prepares the amendments for distribution will he make enough copies so that all members can have one, because if just the leaders get them other hon. members will not know what they contain.

Mr. Speaker: He will do the best he can, and we shall consider the position we have before us at that time.

Mr. Harkness: At the time I was interrupted I was just going to quote certain statements made by the secretary of agriculture of the United States to indicate what great difficulties their rigid support system has got them into, and the desire which exists in that country to get away from a rigid price support system. The quotation I just started to read is as follows:

> The only way in which price support by rigid formula can be made to work—even in the short run—is by effective control over production, so that gluts in the market are rather quickly removed and supply is rapidly adjusted to what the market will take. We have no such control over production today.

That is in spite of the fact that they had very considerable controls as far as acreage quotas were concerned, and things of that sort. I do not think there is any farmer in this country who wants us to put into effect a system under which he is told how many acres of barley or any other commodity he can plant, or how much livestock he can raise of a particular kind. To put into effect and even attempt to make work a rigid system of price support, something along that line is necessary.

Mr. Benson went on and said:

> Price supports "used in a manner that fits today's conditions" have an important function in agriculture, but that he does not believe in supports which price products out of markets, build up unmanageable surpluses and force controls on farmers which make their farms inefficient.
>
> Stating that many people "have the false impression that most agricultural prices and incomes are government supported", he points out that items from "only 13 crops, plus dairy products and wool, are in government inventory—out of about 250 commodities that farmers produce". He adds that wheat and cotton account for over 48 per cent of price support costs. "Is it good for agriculture", he asks, "that more than four-fifths (82.2 per cent) of these price support costs should go to the producers of four commodities? Is it good for agriculture as a whole that nearly four-fifths (79 per cent) of these price support costs should go to about one-fourth of our farms?"

That is one of the further difficulties so far as a rigid price support system is concerned. You have a rigid formula which is laid down by law. You cannot alter it, and you get all kinds of anomalies. The way in which it has worked out over there, as he indicates, is that four-fifths of the money paid out for price supports has gone to only one-fourth of their farmers. Mr. Benson summarizes these various difficulties in two short statements, one of which appears on page 5 and the other a little later. These are his words in summarizing really the disadvantages of a rigid price support system:

> I say again that price supports—used in a manner that fits today's conditions—do have an important function in agriculture.

We believe that, and that is why we have this bill before us at the present time. He goes on:

> But I do not believe in price supports set at levels which price our products out of markets that farmers must have.
>
> I do not believe in price supports which build up unmanageable surpluses that depress prices and cost millions to store.

No, I do not believe in price supports which force controls upon farmers, making their farms inefficient, and which chase acres out of one crop only to dump both the acres and surplus problems on other crops.

I can quite understand that the C.C.F. party does believe in this control. They are a party who believe in a socialized country and a socialized industry, and I can quite understand that they would like to have a socialized agriculture, and to have controls of all sorts as far as agriculture is concerned. But I do not think very many farmers in this country believe in it, and I am quite sure very few if any farmers would agree to acreage controls and to be told what they could plant, how much of it, and so forth.

Mr. Ellis: Tell the whole story.

Mr. Harkness: Furthermore, Mr. Benson goes on in his speech and says:

Farmers must have freedom to plant, freedom to market, agriculture is dynamic. It cannot be dynamic in a price support straitjacket.

The type of price support system which the hon. members in that corner of the house are advocating is a support straitjacket.

An hon. Member: Very good for the farmer.

Mr. Harkness: It is a rigid type of support system which would get this country into unbelievable difficulties.

Mr. Ellis: What do the farmers think of Mr. Benson?

Mr. Castleden: What difficulties are the farmers in now?

Mr. Harkness: There is one other statement in this speech which I should like to bring to the attention of hon. members, and it is found on page 9. Mr. Benson says:

I know how the human mind longs for panaceas. Nobody would welcome an honest to goodness genuine agricultural panacea more warmly than I—but there just isn't any such animal.

Well, I would most sincerely re-echo those words. There is nobody who would welcome a real panacea for agriculture any more than I would, but there just is no such thing. As I pointed out when we were dealing with this particular bill at the resolution stage, no one bill can be a cure-all for all of the difficulties which beset agriculture in this country and in other countries at the present time; but this bill is, I think, a big step forward in order to assist farmers along the road to the place where agriculture will be in a healthy situation.

I noticed that somebody down in that corner was asking what the farmers think of Mr. Benson, and so on and so forth. I should like to just read something in connection with what the farm bureau, which is the biggest farm organization in the United States, has to say in connection with these matters. This is a quotation from a newspaper dated December 12, and reads as follows:

A farm bureau scheme which would scrap parity as a "fair" yardstick for pegging the level at which the U.S. supports farm prices, and let market prices seek their own level, with government price props geared to stay 10 per cent below the market average of the previous three years.

In other words, the farm bureau over there now is talking of a three-year moving average formula instead of the rigid formula which they have had.

Mr. Zaplitny: Would the minister permit a question?

Mr. Harkness: I will when I have finished. I should like to finish what I have to say at the moment.

Then this report goes on:

Although the farm bureau helped push the administration's present farm program through congress, it's "a demonstrated failure", concedes Charles B. Shuman, bureau president. His organization, which represents 1.6 million farmers and claims to be the country's largest farm group, wants an "entirely new concept of price supports," he said.

Then it goes on further:

One proposal is to set the support level at 90 per cent of the preceding three-year average market price of each type of crop.

I believe these few quotations as to what the thinking is at the present time in the United States, where they have had a rigid price support program in existence for many years, serve a useful purpose. The farmers of the United States have seen what such a program accomplishes; they have found out what are its disadvantages. They have found it is unworkable, and they have found it piles up terrific surpluses. They have found particularly, that it does not do the job it was intended to do, and that is the greatest disadvantage. Under these circumstances I think the situation there speaks for itself.

I should like to point out particularly, Mr. Speaker, that a rigid system can only support a limited number of commodities. This has been the experience in every country where such a program has been tried. In the United States they support 13 commodities plus dairy products and wool out of a total of 250 farm commodities produced. A flexible system, such as the one proposed in this bill, makes it possible to support any commodity for which support is required. This is one of the outstanding advantages of a flexible system as compared with a rigid type of system which the members of the C.C.F. particularly are advocating.

I cannot come to any other conclusion but this, Mr. Speaker; that no one with any real

desire to help our farmers and put agriculture in a healthy economic position, and no one with any sense of responsibility, would even contemplate putting into effect in Canada a system like that of the United States.

The ultimate security feature of this legislation has been completely misrepresented by some hon. members in this house.

Mr. Ellis: Is that why you changed the bill?

Mr. Harkness: Their irresponsible statements in regard to it have been printed in the newspapers and have resulted in a misconception throughout the country. What is the minimum guaranteed in the bill has been represented as the maximum. The provision that for nine key commodities a mandatory floor in effect at all times of 80 per cent of the base price has been represented as all that the bill provides for the very opposite is true. The main thing provided in this bill is guaranteed yearly prices set each year and guaranteed to be in effect for the following 12 months.

This was the point I stated and restated during the resolution stage, and those guarantees that are implicit in the bill have always been there. The amendments are proposed in order to spell these out so there will be no ambiguity about them, no question that they are there.

There has been further criticism, so far as the C.C.F. and Social Credit parties are concerned, that this bill is a denial and repudiation of this party's election pledges.

Some hon. Members: Hear, hear.

Mr. Harkness: This, Mr. Speaker, is absolutely untrue. I have here the election pledges, and I will read them in a moment and demonstrate that this legislation carries out those election pledges to the letter. This is what we promised so far as this matter is concerned. I am reading from a booklet put out at the time of the last election and which deals with agriculture. This booklet says:

> To this end, we will:
> 1. Maintain a flexible price support program—

We did not say we would maintain a rigid price support program; we said we would maintain a flexible price support program.

Mr. Ellis: Distress prices.

Mr. Harkness: I continue:

> —to ensure an adequate parity for agricultural producers—

An hon. Member: Where did that one go?

Mr. Harkness:

> —based on a fair price-cost relationship.

Mr. Johnson (Kindersley): Where did that one go?

[Mr. Harkness.]

An hon. Member: What about that?

Mr. Harkness: This bill provides the perfect vehicle for doing that, because of the fact that these guaranteed yearly prices can be set at any percentage of the base price which is necessary each year to provide an adequate support price. The pledge that we have given to ensure an adequate parity for agricultural producers based on a fair price-cost relationship can be met better by a provision of that sort than it could possibly be met by a rigid type of support system for which my hon. friends over there are asking. The legislation makes it possible, and is intended to make it possible, to carry out that election pledge.

The second pledge was:

> 2. Include a definite formula in the Agricultural Prices Support Act for arriving at support prices, such formula to allow for variation in production and demand for individual products.

We have included a definite formula, a formula that is based on a moving average. This is the only formula of which I know that makes possible the implementation of the latter part of that pledge, the allowance for variation in production and demand in the individual product.

The third of our pledges was:

> 3. The formula and support prices will be established in consultation with representative farm organizations, and will be announced each year well in advance of the production period, as required.

The bill makes complete provision for that. We have set up an advisory committee to be drawn from farmers and representatives of farm organizations, and we have provided that these guaranteed prices will be set for a year in advance and will be in effect for 12 months after they have been set. I believe it is quite clear from that, Mr. Speaker, that we have carried out or we will carry out to the letter our election pledges in regard to support prices, once this bill has been passed and put into operation.

In closing, Mr. Speaker, I should like to say this. The success of any program depends to a great extent on the will and determination of the people in charge to make it work. I think it has been made clear to the people of Canada, particularly to the Canadian farmers, that during the six months we have been in office—it will not be six months until tomorrow, as a matter of fact—we have made a determined effort to improve the position of agriculture. We have taken definite steps which have accomplished that improvement in regard to some particular commodities. We have made a start in several other directions in which improvements have to be made in order to put agriculture in a truly healthy position.

I am sure that every agricultural delegation which has made representations to the present

government, and there have been many of them, has been struck by the fact that we are glad to hear what their problems are and are anxious to take any steps we can to improve their situation. We are making an honest and wholehearted effort to improve the position of agriculture. This bill is one of the means we are taking to accomplish that end. I would hope that it might get second reading before the Christmas recess, and that we might complete it early in the new year, so the benefits it will provide may be available to Canadian farmers early in 1958.

Right Hon. J. G. Gardiner (Melville): Mr. Speaker, is it your desire that I should proceed now? It is within a minute of quarter to one.

An hon. Member: Call it one o'clock.

Mr. Speaker: I think the right hon. gentleman should proceed. We have an uncertain length of time to wait until the message comes from the Senate.

Mr. Gardiner: Mr. Speaker, the argument which has been put forth within the last 15 minutes impels me to recall the point of order that was raised by the hon. member for Winnipeg North Centre when we were on this bill previously. He got to his feet and asked whether or not there was something wrong with the loudspeaker system, and suggested that the voice, while it was coming from the other side of the house, seemed to be an expression of what had been said by myself when I was minister of agriculture.

Mr. Knowles (Winnipeg North Centre): The voice of Jacob but the hand of Esau.

Mr. Gardiner: Having listened to a review of what Mr. Benson has said, I would refer the present Minister of Agriculture back to *Hansard* to find a considerable part of it already there.

Mr. Knowles (Winnipeg North Centre): That is probably where he got his speech.

Mr. Gardiner: Even where I was not referring to Mr. Benson I referred to other United States organizations, some of which were quoted a few moments ago, to the effect that the United States system of price support known as parity prices would not be suitable to this country. In so far as he has given expression to that point of view it is in accordance with the point of view which we took.

I was a little surprised this morning when the minister suggested that such considerable changes were going to be made in the legislation which had been introduced by way of resolution a few days ago. But one has only to call attention to the title of the old act and that of the new bill in order to see what the real difference is intended to be. In the act as we now have it, the Agricultural Prices Support Act, the title is as follows:

> An act for the support of the prices of agricultural products during the transition from war to peace.

There could be a question raised as to whether we are already through that period. At the time the legislation was brought in it was argued that it might run for 18 or 20 years after the war, but there could be an argument as to whether that period has ceased to exist. But that is not the important feature which has been changed in the title of the new bill, which is:

> An act to provide for the stabilization of the prices of agricultural commodities.

What is the difference between "supporting" and "stabilizing"? "Stabilizing" is keeping them as they are and "supporting" is doing whatever is necessary in order to improve them. Hence, as I say, one does not need to go beyond the title of the bill in order to indicate that not as much is being provided in this legislation, if it abides by the principle of the title, as there was in the legislation we had previously.

But in so far as the discussion at the moment is concerned, I want to turn to another feature of the speech to which we have just listened. It was largely addressed to our friends over in the corner, the C.C.F. I want to point out that this is a rather new attitude on the part of the government party of today. The present government while in opposition joined with the C.C.F. in a number of activities. The one which was most spectacular was in their opposition to the pipe line; and one, of course, can understand the attitude taken with regard to that matter.

That, however, was only the final act in a well planned effort to defeat Liberalism. The co-operation was first evident in Saskatchewan following the election of 1940, when the Conservative provincial leader was elected to the House of Commons. The common practice was to join the C.C.F. in attacks upon the Liberals, both federally and provincially, and then on nomination day to withdraw most of their candidates and leave those opposed to the Liberals with only one choice. That was the plan of operation.

After they had met with considerable success as a result of these tactics in Saskatchewan, the idea was introduced into their plans to oust the Liberals from power in Ottawa. Because of the fact that agriculture is the basic industry of the prairies they both naturally made their attack upon agricultural policy. The first year the then hon. member

for Lake Centre was in the house of Commons, on a motion to go into supply—which made it a want of confidence motion—he moved an amendment in favour of parity prices as they then existed in the United States. We have been listening to a review of parity prices as they then existed in the United States. The resolution read as follows, as recorded on page 2280 of *Hansard*, April 8, 1941:

—it be resolved that the government should take immediate steps to create a parity of prices as between agricultural and other products—

He was supported on this occasion by all the C.C.F. members from Saskatchewan and Manitoba not only in speeches but in any votes that were cast in the house following that discussion. On each occasion that my estimates were before the house from then on the present Prime Minister renewed his suggestion that the one solution for farm problems was parity prices. On each occasion he was strongly supported by the western C.C.F. members or, if they introduced the subject, he strongly supported them.

In 1953 the then hon. member for Lake Centre moved another amendment to the motion to go into supply in the following words, as recorded in *Hansard*, March 23, 1953, page 3208:

—in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to provide floor prices for agricultural products at such levels as to ensure producers a fair price-cost relationship.

Hon. members who were in the house at that time will recall that when the resolution came to a vote there was a scurrying from this section of the house in which they were then sitting to the curtains behind in order to avoid voting.

Mr. Knowles (Winnipeg North Centre): Just like last Friday.

Mr. Gardiner: My hon. friend says, "Just like last Friday". I am recalling their attention to the fact that that is an old device which they used. From 1953 until 1956, on every occasion upon which there was any excuse for renewing the attack upon government agricultural policy, the allies joined their forces until on March 12, 1956, the hon. member for Prince Albert, again on a motion to go into supply, moved an amendment in these words, as reported on page 2024 of *Hansard*, March 12, 1956:

—in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to create a parity of prices for agricultural products at levels to ensure producers a fair price-cost relationship.

[Mr. Gardiner.]

It will be noted that the wording of this resolution calls for parity prices by law, the most definite kind of parity prices. The C.C.F. members went along and gave their enthusiastic support, just as they are still doing, to the idea. But the Conservative convention was held in December of 1956, and the ardent advocate of parity prices, as they existed in the United States, became the leader of the Conservative party. There must have been some hitch in the understanding between the two allies. When the address in reply to the speech from the throne was under discussion the member for Yorkton moved an amendment as recorded in *Hansard*—

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Marguerite Downie Malo.
An act for the relief of Irene Patricia Heffernan Brown.
An act for the relief of Catherine Ann Naylor Couture.
An act for the relief of Antonio Bucci.
An act for the relief of Maurice Robert.
An act for the relief of Frances Dorothy Denenberg Bloomfield.
An act for the relief of Theodore Elbert Holtham.
An act for the relief of Claude Murray Kirk.
An act for the relief of John Alfred Crease.
An act for the relief of Catherine Rita Marian Laker.
An act for the relief of Jacqueline Marchand Cote.
An act for the relief of Pola Baron Brisebois.
An act for the relief of Graziella Bernier Murray.
An act for the relief of Claus Elstorpff.
An act for the relief of Denis LeBlanc.
An act for the relief of Patricia Mary Gorman Walsh.
An act for the relief of Madeline Audrey Booth Hibbard.
An act for the relief of Lily Sklar Titleman.
An act for the relief of Alice Florence Chaisson Boychuk.
An act for the relief of Cecile Chagnon Tremblay.
An act for the relief of Roger Albert Bersier.
An act for the relief of Herman Rayvals.
An act for the relief of Helen Frances Knight Koomas.
An act for the relief of Marie Cecile Philomene Gilberte Pregent Bouchard.
An act for the relief of Joyce Eugenie Swanburg Millette.
An act for the relief of Evelyn Mahaffy Major.
An act for the relief of Ruth Mary Ledden Wallace.

The Royal Assent

An act for the relief of Catherine Lammie Graham McLean.
An act for the relief of Irene Tinkoff Goldmann.
An act for the relief of Joseph Fishman.
An act for the relief of Lucille Therrien Deguise.
An act for the relief of Doris Rose May Cook Thomas.
An act for the relief of Olive Clara Benson Pitman.
An act for the relief of Mildred Irene Mitchell Gauthier.
An act for the relief of Laurette Racine Pollender.
An act for the relief of George Wilkinson Pridmore.
An act for the relief of Kathleen Mary Hicks Rainville.
An act for the relief of Violet June Bockus Good.
An act for the relief of Ethel Rappaport Lomon.
An act for the relief of William Newell.
An act for the relief of Sally Ruth Pall Gold.
An act for the relief of Nicholas Vlahos.
An act for the relief of Stefan Weber.
An act for the relief of Mary Russell Leclaire.
An act for the relief of Joseph Roland Langevin.
An act for the relief of Eileen Hannah Thompson Scott.
An act for the relief of Miriam Jurist Stern.
An act for the relief of Bernice Edith Knights Blake.
An act for the relief of Michael Francis McTigue.
An act for the relief of Zygmunt Habdank Bielinski.
An act for the relief of Daphne Louisa Ruby Burrows Newland.
An act for the relief of Reine Isabel Charles Bisson.
An act for the relief of Elizabeth Cave Collyer DuBoyce.
An act for the relief of Elvi Russak Urb.
An act for the relief of Norma Rose Cohen Freeman.
An act for the relief of Shirley Janet Whitton Ladds.
An act for the relief of Venise Gosselin Hotte.
An act for the relief of Bertha Wexler Azeman.
An act for the relief of Emilia Shutko Suranow.
An act for the relief of Amy Isabel Wonham Saunderson.
An act for the relief of Marie Anna Eliza Labrecque Ladouceur.
An act for the relief of Donald Stewart Walker.
An act for the relief of John Joseph Sebaski.
An act for the relief of Gwen Horne Segal.
An act for the relief of Gwendolyn Alice Wilson Hermann.
An act for the relief of Agnes Traiton Rathburn.
An act for the relief of Loueisa Knutton Roberge.
An act for the relief of Dorothy Miriam Skinner Stuckey.
An act for the relief of Albert Renaud.
An act for the relief of David St. Clair Wilson.
An act for the relief of Omer Arthur Menard.
An act for the relief of Dorothy Nettie Clarke Hay.
An act for the relief of Frederick William Hovermann.
An act for the relief of Bertha Viola Beatrice Good Malcolm.
An act for the relief of Mabel Florence Adams Hadden.
An act for the relief of Marie Marthe Moreau Roy.
An act for the relief of Pierrette Picard Gagnon.
An act for the relief of Marcelle Richard Deschambault.
An act for the relief of Florence Irene Burness Williams.
An act for the relief of Jean Paul Pelletier.
An act for the relief of Mildred Mabel Desmarais Demers Joly.
An act for the relief of Leonne Liane Andree Belanger Botham.
An act for the relief of Shirley Alma Lawson Wilson.
An act for the relief of Sarah Yampolsky Pinsky.
An act for the relief of Karina Mercs Bunte.
An act for the relief of William Garnet Mills.
An act for the relief of Violet Pitman Proulx.
An act respecting Ottawa and New York Railway Company.
An act to amend an act respecting the Buffalo and Port Erie Public Bridge Company.
An act respecting St. Mary's River Bridge Company.
An act respecting Alaska-Yukon Pipelines Ltd.
An act to amend the Excise Tax Act.
An act to amend the Canadian and British Insurance Companies Act.
An act to amend the Income Tax Act.
An act to amend the Canadian Vessel Construction Act.
An act to amend the National Housing Act.
An act to amend the Export Credits Insurance Act.
An act respecting the construction of a line of railway by Canadian National Railway Company from Optic lake to Chisel lake, and the purchase by Canadian National Railway Company from The International Nickel Company of Canada, Limited, of a line of railway from Sipiwesk to a point on Burntwood river near Mystery lake, all in the province of Manitoba.
An act respecting the Hamilton harbour commissioners.
An act to amend the Unemployment Assistance Act.
An act to amend the Pension Act.

Mr. Speaker: Upon the resumption of the sitting the house will proceed with the business which was interrupted by the message from the other place.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

AGRICULTURE

MEASURE TO PROVIDE GUARANTEED PRICES FOR CERTAIN COMMODITIES, ETC.

The house resumed consideration of the motion of Mr. Harkness for the second reading of Bill No. 237, for the stabilization of the prices of agricultural commodities.

Mr. Speaker: Order. Before asking the right hon. gentleman to resume I think I should say a word about the point of order which was raised when the Minister of Agriculture was speaking on the second reading of this bill. He announced his intention to move certain specific amendments at the committee stage of the bill, but of course no motion was made at the time, as the house was at the second reading stage and the debate was continuing at that stage.

I could see that some problems might arise for the minister in achieving his objective of making these amendments, and I suggested that the house might consider expediting the

bill by having the amendments distributed and if they saw fit to do so incorporating them in the first reading of the bill at this time by unanimous consent.

That would be one solution of the difficulty. Otherwise we are on second reading, and would of course have to proceed through second reading and through the committee stage before the point of order raised by the hon. member for Rosetown-Biggar would really be a point of order. We are anticipating a difficulty now which would only arise at the committee stage. So it seems to me it is a matter for the house to determine whether the suggestion made this morning is one which it wishes to adopt or whether we shall just proceed with the debate and allow the question of these amendments to come forward when they are proposed at the committee stage, because we have nothing before us now except the second reading of the bill. Perhaps the minister or some hon. members might have something to say about that.

Mr. Coldwell: Mr. Speaker, we do not want to hold up this measure because it is a very important one, but I raised a point of order which I thought was the proper thing to do at the time. We now have the amendments before us in mimeographed form, and I think what you have suggested would be quite satisfactory. I might say that had the government consulted the farm organizations before the bill was introduced instead of afterwards perhaps we should not have found ourselves in this position.

Mr. Speaker: My suggestion, and I put it forward now to the house, is whether or not the house would be prepared by unanimous consent to permit the reprinting of the bill as at first reading with the proposed changes which have been circulated in mimeographed form; that the first copies of the bill which have been already distributed be withdrawn, and that we continue at the present stage of the bill, that is second reading, all by unanimous consent. What we would have in effect would be a reprint of the bill incorporating these amendments, and we would proceed with the debate on second reading with that bill before the house rather than the one which was first printed.

Mr. Coldwell: Mr. Chairman, may I make it clear that this should establish no precedent for the future.

Mr. Harkness: Mr. Speaker, as far as I am concerned that is perfectly satisfactory. I have no objection whatever to proceeding along that line.

[Mr. Speaker.]

Mr. Gardiner: Mr. Speaker, might I just ask a question with regard to the proposed amendments, mimeographed copies of which have been handed to us. I have looked through them rather hurriedly, I admit, and I have not had time to read them carefully; but during the minute or two I spent looking them over I have not been able to find the provision for increasing the base period from a three-year average to a ten-year average. Does that provision appear here?

Mr. Harkness: It should. I have not looked it over myself.

Mr. Fulton: No, it is not.

Mr. Knowles (Winnipeg North Centre): Maybe it has been dropped.

Mr. Harkness: No, Mr. Speaker. I am afraid that in the process of having the proposed amendments mimeographed that particular part has been left out. It could be added quite readily. It is simply a matter of changing the word "three" to the word "ten" where it appears in clause 8.

Mr. Gardiner: It is intended in discussing it on second reading to include that in the bill?

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I just want to make one observation. I think I am prepared to say I would be agreeable to the course of action that has been suggested and would give unanimous consent if the minister could give us his assurance that the principle of the bill has not been changed in any way.

Mr. Harkness: All right.

Mr. Speaker: I think the amendments will speak for themselves. If the house gives consent it will have a bill as reprinted with the proposed changes. I would rather call them changes than amendments at this stage. The debate will then be on the bill as reprinted which we will have by combining the circulated bill and the mimeographed amendments plus the addition of the change of "three" to "ten". Do I understand, then, that the house is prepared to give unanimous consent?

Right Hon. L. S. St. Laurent (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Agriculture if I understood him correctly this morning that it was intended to have the second reading of the bill and then leave it until we return after the Christmas recess for consideration in committee, so the bill could be reprinted in the meantime and when we get to the committee stage it would be in the form in which it would be deemed to have originally received first reading? I assume it could be reprinted

so that hon. members could have the reprints to take away with them over the recess, in order that when they returned they would be prepared to discuss the clauses as they will then appear in the reprint.

I note with satisfaction, because of the traditional respect that is accorded to the practices of the past and to the rules of procedure, that the hon. member for Rosetown-Biggar wishes to make it quite clear that this will not be deemed to be a precedent, and that it is done because of the special conditions of this session and the fact that we are about to leave for the Christmas recess. I feel that all hon. members would like to have the reprint and have the days of the Christmas recess during which they could consider the reprinted bill and thereby be better prepared to deal with it when they come back after the recess. I would wish to add my statement that I do hope this will not be taken as a precedent that can be resorted to too frequently.

Mr. Harkness: Mr. Speaker, may I just give the assurance for which the right hon. gentleman asked, that the committee stage of this bill will not be proceeded with until after the recess.

Mr. Victor Quelch (Acadia): Mr. Speaker, may I ask one question just for the purpose of clarification. If we proceed in this way do I understand that the bill we have before us at the present time will not be the bill we will be considering but the bill with these amendments inserted in it?

Mr. Speaker: Yes. I think I can assure the house that there will be no delay in having the reprints made. The reprint will be distinguished by being marked as a reprint of the first reading of the first bill No. 237 in accordance with unanimous consent, or in some way as to distinguish it from the first form of the bill. It will then be circulated incorporating these amendments and the one which has been inadvertently omitted and we shall proceed with the debate on second reading, all by unanimous consent and without creating any precedent because it is something we could not do without unanimous consent. I appreciate the attitude taken by the house.

Mr. Gardiner: Mr. Speaker, before lunch I was placing on *Hansard* the relationship of the different groups in the house toward proposals that had been made from time to time to accept parity prices. I had just stated that the Conservative convention was held in December, 1956, and the ardent advocate of parity prices as they had them in the United States became leader of the Conservative party. There must have been some hitch at that time in the understanding between those who had been allies previously, namely the Conservative party and the C.C.F.

Mr. Coldwell: There was no understanding, ever.

Mr. Gardiner: When the address in reply to the speech from the throne was under discussion the hon. member for Yorkton moved an amendment in these words, as reported at page 582 of *Hansard* of January 23, 1957:

> We regret, however, that Your Excellency's advisers seem to favour a flexible price support program . . .

Of course it is obvious that His Excellency's advisers at that time were the Liberal government:

> We regret, however, that Your Excellency's advisers seem to favour a flexible price support program, the effect of which is to leave the agricultural industry in a state of uncertainty and insecurity; we also regret that Your Excellency's advisers have failed to take the necessary steps to establish a system of parity prices for agricultural products at levels to ensure 100 per cent parity of income for agricultural producers.

It will be noted that two points were raised there. The first was intended to condemn flexible price support, and the second was to support 100 per cent of parity. When the vote was taken every Conservative who was in the house, including the leader of the official opposition, the then member for Prince Albert, voted against the amendment.

Mr. Knowles (Winnipeg North Centre): So did every Liberal in the house.

Mr. Gardiner: Well, I am coming to that. It should be noted here that when previous votes had been recorded there was a tendency for some persons not to be present at the time the vote was taken, but on this occasion most of those who had previously been absent were present, as the vote will show. On this occasion the official opposition were present to vote with the government, not with the C.C.F. In other words the position which had been taken on previous occasions had been altered, in that there was a direct vote. I presume if you can take a vote against an amendment to be in favour of something, there was a vote in favour of the flexible price which the government of the day had been putting into effect and there was, in the same way, a vote against 100 per cent of parity, which was a new position for one of the parties to have taken.

This gave rise to considerable cross-firing between the official opposition and the C.C.F. group which would be interesting if I had time to record it. I might say, however, one is not required to quote much to prove the position taken then by the present Prime Minister. He summarized the position in his speech on the amendment to the motion to

go into supply in 1956, as reported at pages 2021 to 2023 of *Hansard*. He said:

The squeeze which the farmer suffers results from the disparity in the relationship between the prices of farm products and the prices the farmer has to pay. When they are in proper relationship parity is established, and it is parity that the farm organizations across this country are asking for today.

Later on the hon. member for Prince Albert said:

I know of no better definition of parity than that which appeared in yesterday's New York *Times*. I have made the necessary changes in the definition to meet the situation in this country. It is as follows:

"Parity prices are the dollars and cents prices that give to farm products the same buying or purchasing power they had in a selected base period when prices received by and prices paid by farmers were regarded as in good balance.

He illustrated by saying one should be able to buy the same quantity of necessities with a load of barley in each of those periods. The hon. member for Prince Albert again went on to say:

It goes on to point out—

He was referring to the article in the New York *Times*.

—the difference between rigid price supports which have not proved successful and flexible price supports which have proved successful in the experience of the United States.

He then continued to point out the number of times he had advocated parity prices, and he went back over the record which I have placed on *Hansard* today and said this, as reported at page 2023 of *Hansard:*

One of the earliest occasions was in 1941, during the war. The last occasion when we moved an amendment regarding this question of parity prices was on March 23, 1953.

I refer to that to come back to the statement I made earlier, namely that the words "parity prices" were not in that resolution moved at that time, but the present Prime Minister said later on, when reviewing it, that it was a motion in favour of parity prices. Then he said:

At that time I moved this amendment.

The amendment, as I have pointed out, does not have the words "parity prices" in it. The amendment reads:

That all the words after "that" to the end of the question be struck out and the following substituted therefor:

Since I have already put this resolution on the record I will not do it again. The present Prime Minister then argued that the Conservative platform of 1948 was intended to support parity prices. The present Prime Minister moved, seconded by the hon. member for Brant-Haldimand (Mr. Charlton), the following motion, as reported at page 2024 of *Hansard* of 1956:

[Mr. Gardiner.]

That all the words after "that" be struck out and the following be substituted therefor:

"in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to create a parity of prices for agricultural products at levels to ensure producers a fair price-cost relationship.

In speaking to the amendment the hon. member for Prince Albert said, as reported at page 2026 of *Hansard* of March 12, 1956:

The trend referred to in the amendment moved in 1953 has continued. Canadian agriculture today would not be in its present precarious position if action had been taken at that time on the basis of the experience of our neighbour to the south and also on the basis of the demands of farmers generally.

There can be no question, then, that what the present Prime Minister had in mind when he was playing along with the C.C.F. was parity prices as they had them in the United States down to 1953. On each occasion when the hon. member for Prince Albert moved such an amendment to the motion to go into supply I rose and said we had two reasons for opposing it. First, we were opposed to the United States system of parity price support and, second, it was a trick motion to put our candidates in wrong in agricultural constituencies.

We were not surprised when in January, 1957, the C.C.F. called their hand, and we found the Conservative party had so acted as to cause their leader to follow Conservative rather than C.C.F. doctrine.

But what happened when the Prime Minister got into the election campaign? He was naturally speaking in the larger centres and always through the larger dailies to the people who were opposed to 100 per cent parity prices which had been attempted in the United States. He was reported in the Winnipeg *Free Press* as having said on May 14:

The price support system advanced by the Conservatives would feature a flexible formula. Critics of support prices said they would create huge surpluses such as those which had developed in the United States from the support system there. The difference was, Mr. Diefenbaker said, that the program proposed by his party would be based on a flexible formula, the United States surpluses had developed because of a fixed formula.

The following day in the Winnipeg *Free Press* and other dailies he was reported to have said:

The C.C.F. in the last session of parliament had called for 100 per cent parity price support for agriculture. "What nonsense". Did anyone believe that the people of Canada would permit the taxation necessary to give farmers their full pay regardless of production?

He went on to use an illustration following that, and asked if a labourer should be paid

full prices when he came under unemployment insurance. Should he be given his full pay, and therefore should the farmer be given his full pay?

A few days later, on May 18, he is reported in the Regina *Leader-Post* as saying:

> I urged a system of parity prices in 1941 in a resolution in the house, and asked for it two other times. But every Liberal voted against it. This year I moved a resolution for a price support program to allow a fair cost relationship. That's what the farmers want, not the 100 per cent parity prices the C.C.F. asks which I voted against because I knew it was a trick motion. The Liberals voted my motion down again.

As I pointed out, every one of those resolutions except one was on a motion to go into supply and therefore a trick motion. The one which was not on a motion to go into supply was on the address. The recorded vote on the one on the address is in *Hansard* to be looked at by anyone to corroborate what I have been saying. During the campaign, in speaking to the audiences I have mentioned, the Prime Minister made the statements to which I have referred. At least he is reported to have made them, and I presume the reports are correct; I have not heard of them being corrected.

Then what was being said throughout the rural press of western Ontario? Candidates were carrying advertisements based on the Prime Minister's previous statement in the house claiming that he was for 100 per cent parity. If anyone doubts that, though I am sure there are members on the other side of the house who know it is correct, all they need to do is look at the advertisements. I have one of them here. What does that advertisement say? It was issued on June 5, 1957 in the Chatham *Daily News*. It says:

> Mr. Consumer says: "Our cost of living continues to rise with lower farm prices". What is the answer?

I may say there is something just as interesting in the upper part of this advertisement, but I am not going to take time to read it because it does not strictly refer to the question under discussion.

> What is the answer? John Diefenbaker and Albert Jolley say 100 per cent parity support prices. Protection from American subsidized surpluses. Regain foreign markets. Diefenbaker tax policy. Diefenbaker monetary policy. A vote for Albert Jolley is a vote for John Diefenbaker.

The only point to which I wish to draw attention at the moment is that the very first item mentioned in that advertisement is 100 per cent parity support prices. I can quite understand, Mr. Speaker, why there have been some changes in the legislation as it was first brought down. I can understand why some members from the rural areas of Ontario, who were elected on the strength of these advertisements, were insisting on some changes being made in the bill as it was first brought before this house.

I want to say to those members that the amendments which have been made, and which have been introduced today, are not sufficient to meet the criticism they are going to receive when they go back home after this session as a result of having appealed for votes and succeeded on the basis of these advertisements. I understand these advertisements were placed generally all through agricultural sections of the east and some of them, probably not quite so strong as that, in some of the newspapers in the west.

What did the Minister of Agriculture say about this when speaking on the resolution? The minister spoke on Wednesday, December 11, 1957, and at page 2186 of *Hansard* we find this:

> However, what was generally in mind was some sort of system such as that in effect in the United States—

That is, when people were talking about parity prices that was what most of them had in their minds.

> —because our farmers were aware that men across the border in the same lines of production as themselves in many cases were receiving higher prices.
>
> At the same time it was common knowledge amongst all who had studied the matter at all that the United Strates parity price system had led to difficulties of various kinds.

Apparently the leader of the Conservative party of that day had not made any studies, because on several occasions and right until he became leader of the Conservative party he had advocated the adoption of that particular system. The Minister of Agriculture went on to say:

> It had resulted in the accumulation of vast surpluses of many agricultural products which had proven embarrassing to the United States agricultural economy and government, and the disposal of which has had serious effects on Canada and other nations.

I think it was about at that point that the hon. member for Winnipeg North Centre rose on a point of order to ascertain whether or not his system was working properly.

Mr. Knowles (Winnipeg North Centre): Not my system, the loud speaker system.

Mr. Gardiner: I continue reading from the Minister of Agriculture:

> The United States system proved unworkable as far as some products were concerned. It produced anomalies and illogical situations in many cases, and it had constituted a heavy drain on the general taxpayer.

I am not too sure that even the system of the hon. member for Winnipeg North Centre

has been working correctly, because the minister has been saying some rather peculiar things outside as well as inside the house on this same question. I continue to read from the Minister of Agriculture's speech:

> In view of all this, as a first step in attempting to devise a practical and workable agricultural prices stabilization bill for Canada I took a fairly close look at the United States system with a view to determining the defects in that system so we might avoid the difficulties which they have run into.
>
> The first and most important defect, I believe, is the lack of flexibility and from this cause most of their troubles have developed.

Now, I just refer back to the resolution which was put on the record to the effect that the C.C.F. party did not believe in flexibility. They apparently do not believe in flexibility even now, judging from what we have heard during the discussion of this question. I can quite understand why the hon. member for Winnipeg North Centre thought there was something wrong with the loudspeaker system. Up to this point the speech delivered by the Minister of Agriculture could have been quoted from my speeches when I was trying to keep his leader on the right track on other occasions. I would not have been surprised if the minister had said at that point, "We have therefore decided to continue on the statute books the most flexible plan ever devised, that is the present Agricultural Prices Support Act."

Instead, he proceeded to suggest changes, every one of which I suggest rendered the new plan less flexible than the old one. Everything which can be done under this measure could be done under the old act. We did select a group of commodities under which we placed supports. The act was so flexible that it was possible to deal with cattle while the foot-and-mouth disease was prevalent and take them out again when it would have done harm to deal with them any longer.

In other words, there is nothing in the act which said we were going to deal with foot-and-mouth disease under this legislation. No one had any idea that foot-and-mouth disease was going to develop, but this legislation is sufficiently flexible that we were able to step in and deal with the problems which resulted from the fact that there had been foot-and-mouth disease in this country, and when it became necessary to get rid of beef and pork products. There was more flexibility under the old legislation relating to cattle than there is in the new. Then the act was so flexible that we were able actually to raise the price of butter to the producer when we decided to support the price. Later we were able to make deficiency payments on butter, and thus maintain a lower price to the consumer without lowering the price to the producer.

The act has all these possibilities in it and many more. Deficiency payments are provided for in the act, and deficiency payments were made in connection with a number of products. That matter in itself having to do with butter was a deficiency payment. When you say to the producer, "We are going to take butter from you at 58 cents a pound", and then turn around and say, "We are going to give the butter to the wholesaler at 58 cents a pound" resulting in the consumer getting his butter at 2 to 3 cents less a pound with the government paying the carrying charges in between, that is a deficiency payment. There are dozens of ways of making deficiency payments. The law we have now makes it possible to do it in any one of those ways.

In putting this legislation before the house my hon. friend said he had examined very carefully into five different ways of putting a formula into the act, and he had decided that the one providing for a three-year base, in order to establish a basic price, was the best of all. Today he has come along and said that some people think a ten-year base is better.

With regard to that matter I am only going to say that the other day when he mentioned the matter the hon. member for Moose Mountain put in his comment and said this ten-year average was a silly proposal. I just remind the member for Moose Mountain of the fact that the first man from whom I ever heard about a ten-year average was an hon. member over in that corner of the house who is sitting looking at me now. I refer to the hon. member for Springfield (Mr. Schulz).

Mr. Schulz: But not the same years.

Mr. Gardiner: No; a ten-year moving basis, which would not be the same years all the time. That was the submission made to the previous government, namely a ten-year basis. We gave the same answer to all those who came along with these proposals; "It does not make any difference what proposal you bring in, our act is so flexible that it is possible to utilize the suggestions in arriving at a decision as to what the support price should be".

In connection with that matter, I recall that the other day the Minister of Agriculture enumerated all the considerations which would be taken into account in putting into effect even the three-year average, and he left out what I consider to be the most important one. If I was listening carefully enough to hear all the suggestions he made, it seemed

to me that he did not suggest the possible importation of products into this country from outside. When we were setting support prices under the Agricultural Prices Support Act that was always one of the most important factors to be taken under consideration, and it will still remain one.

As I recall it there is only one piece of legislation that is available at the present time in order to deal with situations of that kind if you want to go further than the support act can go in dealing with them, and that is the Export and Import Permits Act. If I remember correctly that is the act upon which the official opposition of that day first decided to put on a filibuster. When that legislation was brought down following the end of the war, when it became necessary to get rid of all the proposals that had been made under the War Measures Act, we had a battle that went on for days. They did not want that legislation at all.

There are certain things which have been done since this government came into office which I do not think could have been done without the assistance of that act. It is being utilized in connection with some of these matters. In other words, the price at which you can ship products into Canada must be considered when you are putting on supports in this country.

The one with which I can illustrate the point best was dealt with effectively by the president of the Canadian Federation of Agriculture a year ago at the December conference. At that time he dealt with this matter of support prices, particularly parity prices, and he used the term "parity of income" instead of "parity prices". Then he went on to deal with the suggestion which had been made by the interprovincial farm union to the effect that there should be a price on hogs established at 100 per cent of parity basis of some $33, and that there should be a price of some $23 provided on cattle.

The president of the farm federation at that time—and he is still president—illustrated the point in his discussion at the dominion-provincial conference in December a year ago, when he said that if you were to put in that particular price as the support price in Canada, the market would be flooded in a short time by United States beef. So that question always had to be discussed or considered when supports on these products were being dealt with.

The legislation as it is made it possible for us to consider the three-year basis. As a matter of fact the three-year basis is fundamental to that legislation. We set as the basis from which we were to figure the last three years of the war, namely 1943, 1944 and 1945, and we took that as the basis because farmers were fairly well satisfied at the time. We put right in the act the authority for comparing any support price that was brought in later on with the conditions in those three years.

Naturally it was in the middle of the three-year period that the legislation was put on the statute books, namely in 1944, and it was anticipated it would not come into effect until after the war was over. It was first applied in 1946, and so the years that were considered then were the preceding three years, 1943, 1944 and 1945. As we moved up year by year we compared three years with the last three years of the war.

I heard one of my friends back here a little while ago say, "But we never did get up to 100 per cent parity". We were supported in that, too, by farm organizations of the day. The federation said finally, after giving the matter full consideration, that the support should not be higher than 85 per cent of parity and it should not be lower than 65 per cent of parity. At a later date they changed the lower figure from 65 per cent to 70 per cent; nevertheless the fact is that on every occasion that we set a support price from that time on we checked it with the formula that had been established by the Canadian Federation of Agriculture.

There was nothing in the act that said we were compelled to do so. There was nothing in the act that said we could not do so. There was nothing in the act that said we had to abide by a three-year basis. There was nothing in the act which said we had to abide by a ten-year basis. I therefore say again that to the extent that this act says either three years or ten years, and binds anyone by it, it is not as flexible as the act that is already on the statute books, and so does not meet the conditions that may exist so well as the Agricultural Prices Support Act.

Having said that about the general statements that have been made with regard to the system which is proposed in this bill, and in view of the fact that the minister has dealt with some of the clauses seriatim, I think I should not be required to stick too closely to the rules, though I know that one of the important rules is that you do not deal with sections seriatim when you are dealing with second reading of a bill.

They could, of course, be dealt with when we are putting them through the committee, and I do not think I need say that I am not urging that anyone should not feel free to do so. But when we get into committee I suggest we can move amendments to some of these sections which are referred to. I know there will be some, and I have one in mind

particularly which is very important, and which has already been discussed at great length by the minister at the resolution stage, at which time I might say that none of us knew exactly what was in the bill. They were discussed again this morning on second reading. I referred to one of them when I first got to my feet, and that was the title of the bill.

The long title of the act as it now stands on the statute books is "An act for the support of the price of agricultural products during the transition from war to peace". There is a similar title to the bill which is now before the house, namely "An act to provide for the stabilization of the prices of agricultural commodities". Those two titles are intended to indicate the difference in principle between the two bills, a difference which makes it necessary to bring down a new bill.

Well, stabilization is keeping things just as much as possible where they are at the moment, and support means adding to whatever you have got. So I think if that is intended to be the difference, then the statement I made when we were discussing this at the resolution stage was quite correct and does describe the two measures quite fully.

Mr. Harkness: I think the right hon. member knows quite well that is not intended to be the difference, and it never was.

Mr. Gardiner: Well, I always take the indication from the English language that expresses it.

Mr. Harkness: You had better look up the meaning of the word "support" in the dictionary.

Mr. Gardiner: Oh, I think we all know the meaning of the word "support". It is doing something to help, but you do not help by putting the price down, as may be in this case.

Some hon. Members: Hear, hear.

Mr. Gardiner: And I think also the word "stabilization" is pretty well understood. The fact is that farmers do not want prices rushing up to an unusual height.

An hon. Member: Oh, no.

Mr. Gardiner: And they do not want them rushing down to unusual levels either. They want stabilized prices which would stay pretty much on the same level, so they can understand what is going to happen in a year from now or two years from now, as my hon. friend said when he was discussing stabilization. That is the intention of the word "stabilization", and so I say there is a difference between the two measures in that regard.

[Mr. Gardiner.]

There has been considerable discussion of the advisory committee to be set up under the board. Under the old act, as was stated by the minister the other day after he had had another look at it, such a committee is provided for under section 9, subclause (j); it does state that the board has authority to appoint a committee or committees. We could have appointed more than one to assist the board in an advisory capacity. In the new bill this has been thought important enough to be set up in a separate clause, and that clause states certain things. I can quite understand why some of the critics of the bill wanted it changed and I notice that there had been changes made in it. However, the changes suggested do not cover all the points which I would suggest should be covered.

In the old legislation, as has been stated by the minister, we utilized a committee which was already in existence. It was put there for the purpose of assisting in price support measures during the war, after the war action was taken under subclause "j" to name the same persons to a committee to advise the agricultural prices support board.

The board was constituted almost entirely of persons who could be appointed under this present bill with one exception, that there is no representation of the provincial departments of agriculture under this bill.

The minister has stated "Well, there were only deputy ministers from the provincial governments on that committee". That is not true in all cases. In many cases it was not a deputy at all; as a matter of fact in some cases the provincial governments nominated representatives from farm organizations who were not in the employ of the governments at all, and that was particularly true in the early stages of the existence of that committee.

The board had authority under that act to appoint a committee, and they did appoint a committee. That committee did not remain the same year after year; whenever farm organizations wanted a change made—either because some person who had been on it changed his mind and joined some other farm organization, or for some other reason—they came along and nominated some other representative. We accepted those nominations in every case and had the one man replaced with another. So that committee was kept up to date right along.

There is one other thing which should be stated here with respect to the committee. We never at any time suggested to the committee on what they should advise us. We never at any time asked the committee to advise us on certain things. They came here of their own volition. They asked for a date

to be set, and we set a date which was satisfactory both to them and to ourselves; we met them and they made their recommendations. Now what does this bill say?

> The minister shall appoint an advisory committee, to include representation from farm organizations, consisting of a chairman and at least six, but not more than nine, other members.

As I remember the committee as at present constituted, it has a membership of about 19, and when you take off the 10 provincial representatives you are left with nine. None of those nine were nominated by the provinces but were nominated by the farm organizations. Even some of those nominated by the provinces under the act had been nominated from farm organizations. Then it goes on:

> The advisory committee established under subsection (1) shall advise the minister and the board with respect to such matters relating to the stabilization of prices of agricultural commodities under this act as are referred to it by the minister or the board.

I assume that is still in the amended clause as we now have it. In other words the only matters on which this committee is going to advise are those matters referred to it by the minister or by the board. They are not going to advise on matters referred to them by their own organizations when they are told to come here. And then it goes on to say that the members of the advisory committee may be paid for their services such remuneration and expenses as are fixed by the governor in council.

Well, I think that is the same as it was in the old act; at least the provision is the same, whether it is in the same wording I do not know. At least we had the authority to do it under either measure. When we were considering the matter of an advisory committee and of whom that advisory committee should be composed, we called in the presidents of the farm organizations and the officials who were concerned and I personally asked them this question: "Do you want to be put in the same position as the heads of the wheat board?" When they were appointed they were members of one or other of the wheat pools which are known to be farm organizations and nothing but farm organizations, but before they were on the board for two years people were referring to them in this house and outside as no longer being dirt farmers, saying they had no right to be on a board representing farmers but should be replaced by somebody else who did represent the dirt farmers.

I said to them, "Do you wish your representative to be paid a salary and put in that same position later on, or do you wish whoever happens to be nominated by your organization, and no matter who he is, to come here to advise the government from time to time as a representative of that organization?" Well, the presidents at that time took that question back to their organizations and reported to me later that the organizations had unanimously decided that they did not wish the government to pay their representatives. They wanted to pay their own, and the only amounts they hoped would be supplied by the government were the expenses of their trips to Ottawa from time to time.

Mr. Harkness: I can assure the hon. member there is no intention to force payment on anybody who does not want it.

Mr. Gardiner: That is not the question. The question is are you going to make him a paid official, appointed and paid by the government no matter whether he wants it or not, or are you going to leave the advisers still the spokesmen for the farm organizations which pay them their salaries? That is the important question. This legislation makes it possible to get men who are going to advise as they are asked to advise by the minister or the board, and only on the things about which they are asked to advise by the minister or the board. I think the supporters of the government on the back benches ought to tell their leaders there are some further changes which must be made in this measure before it can become as flexible or as effective as the act already on the statute books.

There is one other thing in these amendments which have been brought in about which I should like to say a word. We are going to have a preamble, it seems. In discussions in this house while we were in the government we were condemned in season and out of season for putting preambles in bills which, our opponents said, were intended to mean this, that and the other. When I was speaking on the introduction of the Agricultural Prices Support Act I was even accused by an hon. member sitting on the other side of the house of putting a preamble into that measure which meant something the bill did not provide for.

I excused that hon. gentleman for having thought there was a preamble by saying that probably the title was so long that it had caused him to become confused on the point —"an act for the support of prices of agricultural products during the transition from war to peace". I said this was not a preamble but merely the title of the bill. But the opposition did not want a preamble, that was clear. Now, apparently, someone in the same party on the opposite side of the house does want a preamble, and thus we

have one brought down in the second copy of the bill submitted to this house for second reading:

> Whereas it is expedient to enact a measure for the purpose of stabilizing the prices of agricultural commodities in order to assist the industry of agriculture to realize fair returns for its labour and investment, and to maintain a fair relationship between prices received by farmers and the costs of the goods and services that they buy:

Where did they get that, Mr. Speaker? That in substance is the wording that was in subsection 2 of section 9 of the Agricultural Prices Support Act. In other words even they have found that there is not so much in this bill as there was in that act, and they have gone back to it and have had a second look at it and taken out some of the things that were in it and put them into this preamble so that on second reading the measure might have a better chance of getting through.

Mr. Harkness: I can assure the hon. gentleman that was not the case.

Mr. Gardiner: I did not want to read the other act, but since the minister doubts whether this is the case maybe I had better do so. Section 9, subsection 2 on page 4 of the act reads:

> In prescribing prices under paragraphs (a) and (c) of subsection 1 the board shall endeavour to ensure adequate and stable returns for agriculture by promoting an orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

Well, Mr. Speaker, that is the same idea that is now being put into this new bill by way of a preamble. Every farm organization, every hon. member who took steps to put out advertisements such as I mentioned a few moments ago, knew what was the intention of this act, and when they found that a statement of that kind was not in the bill as given to this house we had an amendment brought down today. They were so ashamed—I guess that is the right word—of what they had been compelled to do that they would not even tell us about it, and when we tried to get them out of trouble by suggesting that they should reprint the bill as they intended to have it they tried to put us off by saying that the bill was before the house. A bill was before the house, but it was not the bill we are discussing now. There have been considerable changes made in it.

So I say you can go through this bill from one end to the other, and if you do not find all that was in section 3 of the old act, the Agricultural Prices Support Act, then turn to the new one and take sections 3 and 4 and you will find practically all of it in the two sections. And if you do not find what is in section 5 in the new bill you will find it in a subsection of the old act. You can go right through it, and when you have come to the end you will find that the hon. member for Winnipeg North Centre was absolutely correct when he said that you would think the present Minister of Agriculture was reciting the very same things that had been said by the previous minister of agriculture. So what I say to the minister at the moment is that so far as I am concerned I do not know how he is going to expect me to vote against this bill.

Mr. Nowlan: We were sure you wouldn't.

Mr. Harkness: We felt confident about that.

Mr. Gardiner: The minister seems to have overcome the opinions of his own leader, the Prime Minister, in getting a bill before this house which did not have 100 per cent parity in it.

Mr. Macdonnell: Are you going to claim parentage?

Mr. Gardiner: I don't know just what the hon. gentleman means by that. Any parentage I have will be in the Liberal party and not in the Tory party.

In other words, we have a measure before the house which does not do all the things that could have been done under the old measure, yet there is not a single thing in it that could not have been done under the old measure without any change whatsoever excepting an additional $50 million, and it will take a lot of demonstrating to indicate that since they could not settle one problem when there was $170 million in the fund with which to settle it, they will be any more able to settle similar problems when there is $250 million there, because it will not take that much in connection with any particular project and, as I say, it could have been dealt with under the old measure.

I want to sum up by saying this. The legislation already on the statute books is the most flexible of any legislation on the statute books of any country having to do with price support, and our friends in the United States did us the honour of saying they were going to pay us the compliment of following our practice. After they had copied the idea of flexibility, our hon. friends opposite look down to the United States and say well, we guess we are in favour of flexible prices, too.

The new legislation is less flexible, but it appears to be too flexible for the C.C.F. group. They do not like flexibility in legislation of this kind, and to the extent that the Minister of Agriculture is twitting the C.C.F. with being opposed to flexible prices I am pretty much in agreement with him. We think flexible prices are appropriate to legislation

enacted for the purpose of stabilizing the return for farm products. But there is less flexibility in this act.

With regard to products, we could take in any groups of products whatsoever. We could classify them, as they are classified under the new bill, divide them into different groups and say, "We are going to deal with this one for a few months at present, and not with the other". The minister says that flexibility to this extent is a bad thing, and he is stating today he is taking it out of the act. He says we should not be in a position to put support prices on for only a few months; we should not be in a position to say, when we put a support price on hogs, that we are going to take it off in a few months' time.

Our support price on hogs is not limited to any period of a few months or to any one year. It was simply put there and it has remained there ever since the taking off of the foot-and-mouth embargo at $23 and every farmer has known it is there at $23. It is true that for the first year after the foot-and-mouth disease we did put a limit of time on it but when we dealt with it later on we took out that limit. It runs on continuously. Then, in addition to that, the act that is now on the statute books was declared in 1950 to be continuous. There is nothing limited about it. It goes right on until some other government takes it off and I am sorry to see that the some other government which is taking it off is the Conservative government whose members tell us believes in flexible prices. They propose taking off the statute books legislation that provides for the most flexible method of setting prices that has been provided anywhere. In this bill there is not so much flexibility for products and there is not so much flexibility in placing price supports as under the Agricultural Prices Support Act. My friend the Minister of Agriculture (Mr. Harkness) took butter as an example in order to illustrate how the act works. He said that they propose to take the average price for the last three years which would be 60 cents and put a permanent basis of 80 per cent under butter and that would be 48 cents.

What I want to say to him, and I am sure every farmer in this house will agree with me when I say it, is that when you set up in a piece of legislation a set price—call it anything you like—you give an indication to someone, usually some trader dealing with the farmer, that that is the price the government thinks ought to be paid for the commodity and the tendency will be to gravitate toward that price. For that reason we never did put a price of this kind in our supports during the time we were in power and I do not think it is a good thing to put such a price in.

When you go back to the time when we put a support under butter what do you find? You find that we took into consideration all of the facts including the price of dairy products in the United States, and the price in Britain, New Zealand, Australia and everywhere. Then we worked out under the formula which was then set up what the price might be, or ought to be, here in Canada to bring 100 per cent parity. And after we worked that out we then determined what price could be put in here without finding this market flooded with commodities from somewhere else in the world and that served as the established price. It was a higher price than we had been obtaining on an average the year before. We did not say it was an average of this, that or something else. We thought the farmer needed that much in order to carry on in dairy farming and so we set it at 58 cents. Every farm organization at some time or other during the period in which that has been in effect has said that it served the farmers and served them well.

The present measure is less flexible with regard to products and prices and supports and is less flexible in its provisions with relation to the advisory committee. These were the main things mentioned by the minister when he was speaking of the act itself and the principle underlying it. Because the act that is presently on the statute books is more flexible in all three respects than the provision now before the house I am going to say again that the present act is the most flexible legislation that has ever been put on the statute books of any country to deal with price supports. Any change that is made in it in order to meet conditions will tend to make it less flexible than it had been before.

I said a few moments ago that as far as I am concerned I am voting for the measure which has been brought in. If I had an opportunity to vote for the act which presently exists I would vote for it because it is of greater benefit to the farmer. Since it has been decided by the government to repeal the present measure and bring this new bill forward I can only say there is nothing in it I would be particularly opposed to although I must comment that it does not do as much as the existing act does and I am opposed to it on that basis. But since this bill represents all this government thinks it ought to do for the farmers—and after all it said it was going to do this is what it feels is worth while doing—I am prepared to see it go on the statute books and deal with the govern-

ment in light of developments when it goes to the country, whenever that might be.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, the bill before us to provide for the stabilization of agricultural commodities is one which to my knowledge has received more publicity than any measure which has been enacted since I have been a member of this house. It has been heralded as the main plank of the Conservative farm program; indeed, it has been described as the bill of rights for the farmer.

Right at the very outset, Mr. Speaker, I want to say that I have considered this bill and I think it is a fiasco, a monstrosity and the product of political ineptitude. I believe that one could call it a Jekyll and Hyde bill. After months of delay the Minister of Agriculture (Mr. Harkness) brought into this house a measure which was supposed to be the Conservatives' key legislation to provide justice for the farmer and after bringing it in late in the dying days of the session we find that the minister is not too sure of it. In his explanation at the resolution stage the minister attempted to indicate that his officials have investigated many price formulas and supports in other countries. The events of the last week seem strange to me. After the introduction of the bill when farm organizations started to take exception to it and when members of the opposition parties expressed strong disapproval of it apparently this opposition to the proposed measure caused the backbenchers of the Tory party to do some second thinking.

I would like to ask those members sitting on the back benches in the Tory party why they did not review this proposed legislation in caucus before it was presented to the house.

More particularly I want to point out to the Minister of Agriculture that one of the firm commitments members of this party made as a political party in regard to farm policy was that the farm organizations would be called in for discussion and consultation before farm legislation with regard to farm support prices would be presented to this house. The government utterly failed to do that. Only this morning did I understand that after the bill was proposed to the house the Minister of Agriculture who was so sure of himself when he introduced the resolution decided to ask representatives of the Canadian Federation of Agriculture and other farm organizations to come to Ottawa, sit down with members of the government and talk it over. Of course there was little these leaders of the farm organizations could suggest within the scope of this bill.

In the discussion that took place this morning when the minister tried to bring in amendments to this bill he said that they did not change the principle of the bill and I think I must fully agree with him in that regard because it is a non-principle bill. There is not much principle in it and so it is pretty hard to change.

After the bill was introduced the minister, in the face of the opposition that had been voiced, decided to call in representatives of the farm organizations to try and doctor it up for the government. You can readily see the stupidity of this method of operation. I called it silly the other day and of course it is both silly and stupid. I want to warn the government that it is going to see more opposition, even with these new amendments to the bill, than any government has ever seen from farm organizations in Canada. At this moment in western Canada farm organizations are calling mass meetings with respect to this legislation. Members of this house are receiving telegrams and letters daily from farmers and farm organizations appealing to them to try to do something and asking them not to support this legislation. This proposal represents an affront to the people of Canada. Many people have lost faith in this new government which they voted for last June 10. Some things could have been done under the Agricultural Prices Support Act but with the exception of butter only on one occasion did the former government step in and do something in a real way since 1944 and that was under an emergency.

While prices of everything that the farmer had to buy were going up and the price of everything that he had to sell were going down the last Liberal government stood idly by and did nothing about it. It was not strange to me to hear the hon. member for Melville, the former minister of agriculture in the Liberal government, a party which at one time had a lot of prestige in Canada, say what he did. I am convinced that when the right hon. member said that he could do nothing but support the present legislation he truly admitted that they were bedfellows and that they agreed with the Conservative policy.

Mr. Gardiner: We do not have any bedfellows. You tried that and they kicked you out.

Mr. McCullough: If the minister who is bringing down the suggested amendments thinks that he is fooling the backbenchers in his own party—I cannot say, that is up to them—I want to say to him that he is not fooling the farm organizations. I talked to one of the leading farm organization officials this morning and he said to me: "This legislation makes me sick". It is not going to fool the western farmer; it is not going to fool

the man on the land, the man who for the past number of years has been doing a real job to feed the people of this country and the hungry people of the world. It is not going to fool the farmers. They know. They know the past Liberal government had promised to give them justice in the promises they made when the Agricultural Prices Support Act was enacted, but the government failed to do so. Under the new amendments there is nothing but pious hopes.

I want to deal briefly with the Agricultural Prices Support Act. The hon. member for Melville, of course, went into that act quite completely and I do not think I should spend too much time on it. However, I do want to say that under that legislation the former government, with the help of the revolving fund, could have supported agricultural prices so that the farmer would have received his fair share of the national income. I wish to quote from the act. This act received royal assent on August 15, 1944, and an amendment in 1950 made it continuous from April 1, 1950. The agricultural prices support board was set up under the act to:

> Endeavour to ensure adequate and stable returns for agriculture . . . and to endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

These are noble sentiments, Mr. Speaker. There is a real meaning to these words if they are taken literally by any government and I can only say that the past government must have looked on this in the same way as this government appears to look on it, namely that the man on the farm should be a second-rate citizen; that he is not entitled to parity, that he is not entitled to justice as a reward for his efforts in producing foodstuffs for this country.

Of course, under the former Agricultural Prices Support Act there was an advisory board. Under the proposed act the minister is saying that they are going to have an advisory committee. The suggestion is that they will be called in and perhaps their suggestions will be listened to in formulating price support levels for the farmers. But, if past history means anything, Mr. Speaker, what assurance have we that this government, which has brought in this bill without any guarantee of a floor price in relation to parity, is going to listen to the farm organizations? What assurance have we when they have already practically ignored the farm organizations when they were drafting this bill? How can we be sure that their representations are going to be listened to? I think this bill is infamous, and it will become more infamous for the things that it leaves out than the things it contains. In no way is it a guarantee to the farmer.

I listened very carefully, and I have gone over many times, to what the Minister of Agriculture said when he introduced this bill on December 11. He used a lot of strange words. First, he said, as reported at page 2186 of *Hansard*:

> This is a far-reaching and important piece of legislation, perhaps the most important, in its implications, in its expected results for agriculture and its effect on the general economy, that has been considered by the Canadian parliament for many years.

Well, these are pious hopes, Mr. Speaker, because, when we discuss, as I should like to do this afternoon, the mechanics of this act, I am sure that everybody will agree it is even worse than the act we had before.

Then, the minister goes on to say that many parity price systems have been examined and that the United States price support program had been found to have many flaws. That may well be. I think almost any system of support prices or any farm program would have some flaws but let it not be forgotten that in the United States the farmers over the years have had a support price and they have had prosperity. It may well be that they have had some surpluses, but I can say that five members of the C.C.F. group went to Washington. We spent five days in the capital city and we had the good fortune to meet with many of the farm leaders of the farm bureau, and particularly of the national farmers' union of the United States, and they told us that the support prices then in force in the United States had brought prosperity to the farmers and at that time the national farmers' union was resisting the attempt of the Eisenhower government to try to break the stable price supports they had down there. Where they had brought in low flexible support prices, such as for dairy products, the support went down to 65 per cent and many dairy people were quitting the dairy industry and leaving the farm.

I am not this afternoon trying to defend what has been done under the United States prices support program but I wish to say that the prosperity of the farmer in the United States has certainly exceeded that of the Canadian farmer.

The minister tried to make a lot out of the fact that this bill has a base price based on a three year moving average. He did not say, of course, that the base price was going to be paid to the farmer. Later on in his speech he indicated that the minimum under the key commodities would be 80 per cent of the base

price. I have gone a little farther than the illustration which he gave to the house. In respect of butter, I have taken the period from where he left off. He took the three years on the moving average and arrived at the position where the farmer would get 48 cents in the third year under the 80 per cent formula. Now, Mr. Speaker, following that through if, in a subsequent year, butter went down 18 cents the farmer, under the 80 per cent guarantee formula, would get 43.2 cents. In the subsequent year, if it went down another 12 cents, he would get under this formula a guarantee of only 35.2 cents. Therefore, the house can see that there is really no guarantee of an adequate return so far as the price support is concerned.

These are some of the other key things which the minister indicated he hoped this bill would do. He said, as reported at page 2187 of *Hansard*:

> First, he wants prices for his products which will cover his cost of production and leave him enough to live on;

Well, of course, this bill does nothing of the kind, Mr. Speaker. It only guarantees him at the best, under a moving average, 80 per cent of the average for the previous three years.

There is no resemblance whatever to the cost of production. Then, he says:

> The farmer—he desires a sense of security in his price structure, the removal of his long-time fear that prices will fall away to nothing while his crop is growing or his livestock developing to market size.

Again, this bill fails utterly to do that very thing. I feel, Mr. Speaker, that if the government ever had the intention of introducing an adequate price support bill for agriculture, they must have completely capitulated from that stand. If the minister had taken the opportunity to call in farm organizations we would not have had this inocuous bill before us.

For the benefit of the members of this house I want first to show the reaction of the Canadian Federation of Agriculture to the proposals in this bill. This is what the federation said in making its statement on the apparent guarantees under the proposed price support bill, expressed in terms of parity as calculated by the C.F.A. formula. The average parity position of farm commodities for the past three years has been as follows: 1955, 85 per cent; 1956, 84 per cent; 1957, 82 per cent. This results in an average of 83.6 per cent. Now, 80 per cent of this three-year percentage of parity is 66.8 per cent; that is what the farmer would be guaranteed under the minister's proposal. For 1958, the guaranteed floors under the new bill would seem to be—I am going to illustrate this by citing some of the farm products:

	Per cent of Parity (C.F.A. Formula)	
	Amount	
B-1 hogs, Toronto	$21.56	64 per cent
Butter, Montreal	47.7c	66 per cent
Good steers, Toronto .	15.3c	61 per cent

In only one case, Mr. Speaker, and that is the case of No. 1 cheese at Toronto where the amount is 27.8 cents and the percentage of parity would be 72.6 per cent, would the percentage of parity be over 70 per cent. Then, the Canadian Federation of Agriculture formula prices for 1958, percentages of parity, are as follows:

	100 per cent	70 per cent
B-1 hogs, Toronto	$33.58	$23.50

In other words, under the bill which was introduced by the minister, the approved floor price would be $21.56, whereas under the C.F.A. formula of 70 per cent of parity, which is the minimum they suggest, the price would be $23.50 or 50 cents over the present support price under the Agricultural Prices Support Act.

I believe, Mr. Speaker, the time has come for political parties to stop fooling the Canadian public, particularly the Canadian farmer. This talk about no one knowing what parity prices are and not knowing how we could work out a reasonable formula having regard to parity prices should be taken out of the books because here we have in the Canadian Federation of Agriculture, 38 of the top Canadian economists, suggesting a price formula which they have put before the different governments since 1948. I feel this matter is so important I am going to put on the record their most recent recommendations regarding price support. They are as follows:

> 1. Support prices should be established according to a known formula.
>
> 2. A modernized formula for the calculation of fair relationship prices, which may be accepted as the best presently known, and which is, therefore, recommended as a guide to the setting of price supports, requires:
>
> (a) Calculating prices for farm products which would give them the same purchasing power per unit as in the base period 1925-29, and then—
>
> (b) Adjusting these individual prices so that they will have the same relationship to each other as they have had on the average during the most recent ten years.

There is your flexibility, Mr. Speaker. I continue:

> These two steps should provide a set of fair relationship prices, in sound relationship to one another, but with a unit purchasing power on the average equal to the purchasing power of farm products in 1925-29.
>
> 3. It is recommended that a formula, for use in the setting of farm price supports, be embodied in price support legislation.

4. Support prices for the following commodities—cheese, butter, concentrated milk products, eggs, poultry meats, bacon hogs, and wheat grown in areas outside the jurisdiction of the Canadian wheat board should be required by the price support legislation to be in effect at all times. Grains marketed by the Canadian wheat board should be supported as is suggested for the above key commodities, except that they should be administered through the agency of the wheat board.

5. All other farm commodities should be subject to price supports as conditions may make this desirable.

6. Support prices should not be established at less than 70 per cent of fair relationship prices and only in exceptional cases should supports be set at such a low level.

7. Market price supports and deficiency payments should be applied on a national basis as a general rule, but regional supports, under some circumstances, should not be ruled out.

8. Support prices to the producer must be known, and where support operations are carried on at a processing or wholesale level, producers must be assured the full benefit of such supports.

9. The deficiency payment method of supporting incomes of producers should be applied on individual products to correct income deficiencies:

(a) For perishable products requiring this type of support.

(b) To supplement market price supports.

(c) To correct income deficiencies after the product has been marketed where prices for a commodity have fallen to an unreasonably low level each year for two years; or to meet conditions such as inability to deliver production, or other special circumstances.

(d) To be used as a guaranteed support level where the interests of consumers, continuity of supply or other special marketing problems require it.

10. Price supports should not create incentives to production which perpetuate surplus production problems and prevent necessary and desirable production adjustments being made.

I am not going to read into the record the steps in calculating the fair relationship price, but they are here. I should think the minister should give consideration to the fact that here we have one of the leading farm organizations which has a flexible formula for parity on a basis which meets the needs of the farmers today. I am not saying I fully support it, but certainly it is something which should have been looked at before, as I say, this inocuous bill we have before us was introduced.

Now, Mr. Speaker, the other main farm organization, the interprovincial farm union council, has asked that any legislation concerning support prices be effective so that the producer would receive his fair share of the national income. I want to read into the record their submission of recent date to the government. It is this:

We appreciate that provision has been made for a federal system of price supports, but regret that it has been of little direct benefit to the producers. We believe that in order to make this policy effective, the following principles should be incorporated:

1. Price supports should be maintained at parity levels, in order that agriculture may obtain its fair share of the national income.

That is the recommendation of the interprovincial farm union council concerning its request for adequate price support.

I now want to deal with some of the statements which have been made by various members of this government. I think the time has come that this government be called before the bar of public opinion. These statements made by Conservative members in the past now require, in my opinion, to be put before this house. I want to say in particular that I believe that the Prime Minister (Mr. Diefenbaker) himself should be called before the bar of public opinion. I recognize that ordinarily in a court of law people are not called to testify against themselves. But in this case the Prime Minister has willingly done so. He has done so by speeches in the house and he has done so by speeches outside the house. I should like to read into the record some of the statements made by the Prime Minister. Speaking in 1944 on the address in regard to agricultural support prices, as recorded at page 102 of *Hansard* of that year the Prime Minister said this:

Reference has been made in the speech from the throne to agriculture but time does not permit my discussing that today except to say that I believe in the principle of floor prices, but like hon. members who have already spoken I ask the government what level is to be set. Is it to be a price level in accordance with present prices and subsidies? Is it to be a level that will ensure the cost of production and a reasonable profit? If it is not, it will be a denial of the farmers' due.

Those were brave words in 1944. As found at page 2023 of *Hansard* of March 12, 1956, the present Prime Minister of Canada said this:

The parity situation has been very thoroughly canvassed during recent years. We, in the Progressive Conservative party, tried to get some action on this matter on several occasions, but without success. One of the earliest occasions was in 1941, during the war. The last occasion when we moved an amendment regarding this question of parity prices was on March 23, 1953.

Later on he said this:

At that time I moved this amendment:

"That all the words after "that" to the end of the question be struck out and the following substituted therefor:

'in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to provide floor prices for agricultural products at such levels as to ensure producers a fair price-cost relationship.'"

As found at page 2024 of *Hansard* of March 12, 1956 in a declaration of Conservative policy, the Prime Minister said this:

"(d) The floor price formula will be arrived at in consultation with representative producers.

We will establish a board of livestock commissioners similar to the board of grain commissioners. We will give every legitimate encouragement to co-operative agencies whether relating to purchase, sale or credit."

As found on the same page, the Prime Minister said this:

I intend to move, sir, seconded by the hon. member for Brant-Haldimand (Mr. Charlton):

"That all the words after 'that' be struck out and the following be substituted therefor:

'in the opinion of this house consideration should be given by the government to the advisability of introducing during the present session legislation to create a parity of prices for agricultural products at levels to ensure producers a fair price-cost relationship.'"

Mr. Johnston (Bow River): When was that?

Mr. McCullough: That was on March 12, 1956, as found at page 2024 of *Hansard*.

Mr. Speaker, I have a great deal more to say but I notice that I have spoken at some length already. However, I think I have brought to the attention of the house the very fact that there should be a reconsideration of this whole bill. At this moment I should like to move, seconded by the hon. member for Dauphin (Mr. Zaplitny), the following amendment:

That Bill No. 237 be not now read a second time but that the subject matter thereof be referred to the standing committee on agriculture and colonization.

I should like to continue with the Prime Minister, as I was, before the bar of public opinion on his basic principles. I want to add that, as found at page 2026 of *Hansard* of March 12, 1956, the Prime Minister said this:

The trend referred to in the amendment moved in 1953 has continued. Canadian agriculture today would not be in its present precarious position if action had been taken at that time on the basis of the experience of our neighbour to the south and also on the basis of the demands of farmers generally.

Again, Mr. Speaker, as found at page 2021 of *Hansard* of March 12, 1956, the Prime Minister said this:

The squeeze which the farmer suffers results from the disparity in the relationship between the prices of farm products and the prices the farmer has to pay. When they are in proper relationship parity is established, and it is parity that the farm organizations across this country are asking for today. Not charity but parity. When one looks at the general price relationship one begins to realize how far in recent years that desirable end has been departed from. As far as parity is concerned, it must be related to a basic period which is regarded as one in which prices and costs are in approximate equivalence one to the other.

Then further, on January 13, 1956, as recorded in *Hansard* at page 78, speaking about problems regarding farm income and the sale of wheat, the Prime Minister said this:

The handling of this problem is a tragedy of errors; it is a chronic and tragic record of self-deception, optimism and arrogance. It is an attitude on the part of the government that constitutes a mockery of the public demand for action.

Also during the election campaign when he was trying to get votes the Prime Minister had occasion to come down near my home constituency. Speaking at Kipling, where he was outlining part of the agricultural farm policy of the Conservative party, he said this:

The only answer the Liberals had made to these proposals,—

He was then speaking of the proposals made by himself in the house.

—he said, was to vote against them. . .

He had, he said, presented resolutions in the House of Commons since 1941 asking for price supports to ensure farmers a fair relationship between prices and costs.

But what a far cry from what we are getting today. I therefore say, Mr. Speaker, that the Prime Minister, the man who has the highest elective honour in this land, stands before the court of public opinion in this country. Surely, in his own words, the farmer is not asking for charity but simply for parity.

I should now like to bring forward further witnesses to what I am saying this afternoon. I do not think I need to repeat anything further of what the Prime Minister himself has said. He is a western member. The Minister of Agriculture is a western member. The Minister of Trade and Commerce is a western member in this new government. There can be no excuse that they do not know the situation. But at this moment I am going to call as witnesses of the need of some assistance to the man on the land some of the people whom I know personally. The first I am going to call to testify is a young man who won the D.F.C. during the last war. He came back to our community, built himself a little house on the farm, bought himself a tractor and equipment under D.V.A. and for five or six years tried to make a living for his wife whom he had brought over from the old country and for his children. In the last two years he has had to leave his farm. He is a truck driver today.

Another person whom I want to call to testify that something must be done for the man on the land is another veteran, a man whom I know very well. He was five years in the service. He fought during the roughest fighting overseas in order to try to save democracy for the world. He has come back. What has he today after 12 years of work? He does not own a car. He is not able to put electrical power into his home. He told me he was not able to get married because he

did not feel it was fair to bring a wife to a farm where he did not have modern conveniences.

Another witness I want to bring forward is another person who was wounded severely overseas, who has come back and tried to make a living for his wife and three little girls. Year by year it is just a question how long they can stay on the farm. If it were not for his disability pension he would not be able to stay there.

Another person whom I know very well is a young lad who went into the service almost as a boy, spent five years, fought during the roughest fighting in Germany, came back, bought equipment under D.V.A. and tried to farm under this cost-price squeeze facing the western people today. In the past three years he has been going to the city of Regina taking construction work. His wife leaves the farm too and, as she is a registered nurse, she works as a nurse and then comes back to try and maintain their little home, both of them fighting against the cost-price inflation which we have in Canada today.

I also want to call as a witness a young man, a very able young man, who was a veteran of almost the full length of the last war and who came up while I was away from home to see me and told my wife that he would like to tell us his story and to see if I could help him. This veteran had married a young Scottish girl while overseas and had brought her back to Canada, moving in just south of where I live, and has farmed there since the end of the war. He said "I have tried time and time again at the end of the year to make plans for the spring and each year it seems to be getting worse and worse. For the last two years my wife has worked in the local hospital." The last time he came to see me they had had a big rain in his area and he had not finished combining. He said "It does not seem to matter how much I grow because the things I have to buy take all my money. Taxes and other things are eating up every bit of my income. My wife who has been working as a nurse is now also ready to quit."

Mr. Speaker, I call these people as witnesses before this parliament. Surely this government, at a time when they have billions for defence, when they have millions for landing fields, millions for this and for that, will recognize that the time has come for us to see some action on their part, rather than the mockery indicated in this bill.

I therefore close at this time in the hope that this government will take this bill from the floor of the house, will call in organized agriculture and will give us a bill which will meet the needs of Canadian agriculture.

Mr. Victor Quelch (Acadia): Mr. Speaker, when the leader of the house this morning intervened he suggested that the Minister of Agriculture (Mr. Harkness) had announced the amendment which he proposed to move later on, as a courtesy to the house. Well I do not think he can fool anybody by that suggestion. After all, the government is a minority and they know very well they could never have got the bill through this house in its original form. Apparently they did not desire to go to the country with that bill as the issue, because they would have been defeated in every agricultural constituency in Canada.

Some hon. Members: Hear, hear.

Mr. Quelch: The Minister of Agriculture when he was speaking this afternoon criticized the idea of parity on a fixed base period plan. He says no one with any sense of responsibility would support such a proposal. He bitterly criticized members of the opposition for suggesting such a thing, but let me remind the hon. minister that when he says nobody with a sense of responsibility would support a fixed based formula—when he criticizes members for doing that—he is criticizing the Prime Minister, (Mr. Diefenbaker) his own leader, and calling him irresponsible because for—

Mr. Harkness: Nonsense. I said that nobody with any sense of responsibility would advocate a system such as they have had in the United States for the past several years.

Mr. Quelch: Which is a fixed base parity. He has been very critical of the idea of having a fixed formula inserted in the bill. Now several references have already been made to the stand taken by the Prime Minister of this country. On April 9, 1957 the Prime Minister was quite upset because certain farm organizations were criticizing him for the stand he took on a certain amendment that had been made to the speech from the throne and he stated on page 3305 of *Hansard*:

> Throughout the years we in this party have advocated that action be taken on behalf of the farmer, and I am going to set out in detail some of the suggestions we have made and the motions we have moved in order to answer the propaganda that is sometimes spread that the Conservative party has no interest in the welfare of the farmer.

And then he quotes a number of motions and amendments that he or his party had moved since 1941 and in every case they had advocated either a parity price or a fair price-cost relationship. And then, on March 12, 1956 at page 2021 of *Hansard* he defined exactly what he means by parity. I will only

quote a few of his words because his statement has already been referred to, but he says:

As far as parity is concerned, it must be related to a basic period which is regarded as one in which prices and costs are in approximate equivalence one to the other.

That is something of which the present Minister of Agriculture is very critical. Apparently he cannot see eye to eye with his own leader on this question. I believe in the absolute soundness of the statement made by the Prime Minister at that time, but apparently the Minister of Agriculture does not agree with him, otherwise he would never have brought into the house the insidious type of bill before us. It still seems to me that he is referring to the Prime Minister as being irresponsible in bringing such a suggestion before the country.

Now I think it is quite easy to understand why the Minister of Agriculture does not want a fixed formula in the bill because if we have a fixed formula for parity in the bill, then we will have a support price fixed by law, and the government would then have to pay that support price on the basis of parity. But under the bill that we have before us, even with the amendment, it is of such a general character that there would be absolutely no guarantee whatsoever that the farmers would receive a parity of price. It says that the governor in council will have regard to the cost of production but also will have regard to other things and among the other things which the Minister of Agriculture listed was the supply and demand situation. No doubt, if there was a fairly large supply of any commodity then they would consider they would be perfectly justified in refusing to maintain a price that would give the farmers their whole cost of production and that is why the farm organizations have insisted from time to time that a parity formula should be written into the act so that support prices would not depend upon the whims of the minister whom we have today, or the minister who may follow him at some later date.

Now the Minister of Agriculture at the resolution stage stated, as reported at page 2393 of *Hansard,* that he opposed the parity price on a fixed formula. He said:

Any price support program which attempts to use as its formula a base period in the past and apply an index to it, and so forth, immediately gets you into a rigid formula. I think the experiences of all countries in the world demonstrate the fact that a rigid formula just does not work.

And then he went on to explain that we should have a prescribed price based upon the average price for the past three years. But when he was discussing the resolution he said that altogether too much emphasis was being placed upon this three-year period, and he had this to say at page 2396:

I should like to make the point that the base price is arrived at by taking the average of prices for three years previous and is used the same as a foot rule is used in measuring length. In other words, it is a measuring device to a large extent and therefore one should not try to put a great deal of emphasis on the particular type of measuring device.

The minister expects parliament to accept that as a measuring device even after it was agreed that it was not a satisfactory period to have chosen. Thus, he is asking the farmers to accept a measuring stick which is not satisfactory. How would you like to buy so many yards of cloth using a measuring stick which had only eleven inches to the foot? Would you be satisfied with that kind of measuring stick? That is exactly the same as the kind of measuring stick the farmers are asked to accept. It has been admitted that in the past three years the average prices have not been satisfactory as far as many farmers are concerned, yet the minister expects farmers to be satisfied to use that period as a measuring stick.

When I spoke on the resolution I criticized the government for failing to embody in the act a parity or fair price-cost relationship. On page 2197, I say:

I look upon the main essential of a support price program as the assuring to farmers of the maintenance of a fair relationship between the prices of farm products and the prices of other commodities. The present proposal appears to ignore that relationship entirely.

Well, when the minister replied, he had this to say:

The hon. member for Acadia said that the legislation ignores the relationship between the cost of goods bought and the prices received for agricultural products. That is absolutely not correct. I think the hon. member just did not understand the explanation that I gave, or he did not pay any attention to it.

Well, I challenge the minister to show anywhere in the bill as we have it where there was any mention of a fair cost relationship or a parity price. These words do not occur anywhere in that bill. And I think the fact that the minister has now felt obliged to bring down these amendments placing these words in the bill proves that he himself at that time either did not understand the implication of his own bill or, if he did understand them, that he was misleading the house.

Mr. Harkness: That relationship was, as I have said a dozen times, implicit in the whole bill and still is.

Mr. Quelch: It may have been implicit in the mind of the minister, but nowhere in the bill was it even implied. On the contrary there was every reason to believe that the

minister was going to base the price upon something other than a fair price relationship, because when he defined the different things that would affect the prescribed rates, one of the things listed was the law of supply and demand.

We all know what happens under this so-called law of supply and demand. When you have over-production or a surplus, you either reduce production or you reduce the price in order to discourage production, and I have no doubt that the intention of the minister at that time—and, very likely it is the intention of the minister still—was that if production of any commodity began to increase, then the government would take steps to reduce the price of that commodity, even though they said they would have some regard to the cost of production; if the condition of the law of supply required it, in his own mind, he would allow the law of supply and demand to out weigh the cost of production feature.

The minister and the government still show a great deal of concern regarding the supply situation. They are afraid that maintaining floor support prices may result in an expansion of production and the consequent building up of surpluses. It is quite apparent that the government has little faith in its own marketing or trade policy. Instead of finding ways and means of distributing possible surpluses, they consider it would be better to take action to reduce production rather than to try to find ways and means of getting this surplus food to the people who need it. There is no doubt that in Canada today there is still a tremendous potential market for many of our farm commodities among the low income groups, and there are many steps which could be taken to help increase the sale of agricultural products.

I think the government might well give consideration to a plan they had in the United States many years ago known as the stamp plan, in view of the situation developing in many parts of Canada today where there is quite a serious unemployment problem and many families are going to find it extremely difficult to get enough food to maintain themselves at even a minimum standard of living. The government might give very careful consideration to this stamp plan, because this would be one way, and quite an efficient way, of expanding the sale of farm products on the home market; and, of course, anybody in the lower income groups could be helped by certain social measures in this regard.

I think that when we are considering farm surpluses we must keep the world situation in mind at all times. I was glad to see that the Prime Minister, speaking at the NATO meeting, had expressed support for the setting up of a world food bank. Some international organization of this kind is essential to deal with agricultural surpluses, and the Canadian Federation of Agriculture and the international federation of agriculture have done exceptionally fine work in this regard. We recall how they were largely responsible for the formation of the plan known as the international commodity clearing house, which unfortunately was turned down. But I am continually running into people who say: this idea that there is starvation in the world just because in some countries a few people are undernourished is over-played, and there is no reason why we should say that there is a serious situation in the world. But I am going to quote a few passages which I have quoted before in this house, though not this session or last session, from a statement made by Mr. Gove Hambidge, the North American regional representative of the Food and Agriculture Organization of the United Nations when he appeared before the Senate standing committee on Canadian trade relations in 1955. This is on page 10 of the report of that standing committee. He said:

> Over against this prosperous group of countries blessed with plenty of food and so many of the good things of life, you have another group still far down the scale of economic and physical well-being. They include half the people of the world or more, and they are still poor and undernourished, many of them living in bleak hovels, without enough clothing, illiterate and uneducated, dying young, lacking the modern tools and equipment necessary for good production, and often without enough physical vigor to do what we would call a really good day's work even though they work as hard as they can. But better living and greater abundance are possible for these great masses of mankind, and they are becoming more and more sharply aware that their lives and the lives of their children can be better.

This is the paragraph I want the house to take special notice of.

> It is this possibility of better times, opened up by modern scientific developments but not yet reaching down to all the levels of mankind, that creates much of the tension among nations and within nations today. When people see something they want very badly and think they can have it and are entitled to it, they are likely to try to get it by violent means if more peaceful ones don't seem to work. And there are plenty of trouble-makers around to encourage them to use violence.

I think we would all agree that there can be no justification for large surpluses in some countries whilst we have millions of people on the verge of starvation in others. We should at the present time be devoting far more time and energy to ways and means by which we can get our surplus to the nations that need it instead of talking about ways and means about reducing production. This statement

says that because these people know there is an ample supply of food they are not prepared to peaceably submit to this situation. What appears to be the answer of the minister? It would appear that the minister thinks that so as not to aggravate these people by letting them see the surpluses it would be better to reduce production so there would be no surpluses and people could starve peaceably without the irritation of seeing quantities of surplus food available in some parts of the world. Of course we all know that this is not the solution. We have to face up to the problem and find ways and means of getting this surplus food to the peoples that need it.

If the nations had adopted the international commodity clearing house idea I believe this problem would have been solved by now. Unfortunately it was turned down by the member nations and the problem of surpluses has been left on the doorstep of each individual nation. There is only one nation that has tried to face up to that responsibility and that is the United States of America. When the problem of surpluses was left on its doorstep it adopted certain proposals such as its food disposal policy making it possible for that country to get this surplus food to nations which are not able to obtain it through the normal channels of trade by the acceptance of their currency, by barter or by gift. Instead of Canada criticizing the United States for that policy, which after all is a humanitarian policy, we should consider ways and means by which we might do the same thing. I am not suggesting that we should go as far as that country has gone but certainly we could go much further than we have up to the present time.

Mr. Johnston (Bow River): And at the same time pay the farmers a fair price for that food.

Mr. Quelch: As the hon. member for Bow River just said, while we are doing that we should pay the farmer a fair price for his food and make it available to the nations that need it.

I want to discuss the question of a sound parity formula.

I believe it was in 1943 when farm products were under price ceilings the prime minister of that day promised that if farmers would be satisfied to sell their products under a ceiling the government would guarantee to stabilize the price on farm products at a fair level in the post-war period as compensation and to stabilize the price of all the main farm products. I ask you to remember that word "main".

But for some strange reason, in spite of the government of that day, having said it would stabilize the price of all the main farm products at a level that would give the farmer a fair price relationship, they have never supported the price of wheat in any shape or form. The farm organizations have continually asked for a support price formula to be inserted in the act. The old Agricultural Prices Support Act was supported by farm organizations as quite a good act but they were continually urging the government to insert into that act a formula that would set the price on farm products at a parity level. The principle of parity was contained in section 9 subsection 2 of the act but unfortunately the former government did not live up to the full implications of that section and so during the past several years we have had many commodities not supported at all and we have had other commodities supported in some cases at 80 per cent of parity and in the case of eggs only about 54 per cent of parity.

The present Prime Minister criticized the former government for not living up to the principle of the Agricultural Prices Support Act and that principle as embodied in section 9 was a fair price relationship. And then, strangely enough, after criticizing the former government for not living up to that principle which was embodied into the act he—I was going to say "he" but I should say the Prime Minister allowed his minister, the Minister of Agriculture—to bring a bill into this house that does not even mention the words "parity" or "fair price relationship" from the beginning to the end of the entire bill.

We now have in our possession certain amendments that are going to be moved. I believe these amendments will improve the bill but they still fall far short of giving the farmer a guarantee of a parity price because there still will be no formula in the act under which support prices will be paid automatically and it will continue to depend on the whims of the Minister of Agriculture as to the level at which these support prices should be set. It is also quite possible that this could become a kind of political football under which there would be a fairly high support price in the year before an election and afterwards it might possibly be lower.

The price provided for in the bill is not a parity price of course and it is merely based on the last three-year average. The last three years happen to have been extremely unsatisfactory years. The farmer is guaranteed only 80 per cent of that. The minister told us at the resolution stage about a number of things that would help to guide the government as to the level at which support prices should be set if it is decided to set them above 80 per cent of the base period and, as I have already mentioned, one of those is the question of supply and demand. Although the amended bill does use the words "relationship

to cost of production", it also mentions that these other things will be taken into consideration at the same time. One cannot help wondering, therefore, which will win the battle, the cost of production on the one hand or the law of supply and demand on the other. After listening to the Minister of Agriculture warn of the tremendous danger of having a price that might encourage farmers to raise too much, one cannot help feeling he will pay far more consideration to the law of supply and demand than he will to the cost of production.

The question I have never been able to answer satisfactorily, and I have been asked it many times on the platform, is "Why did the former government not include grains under the Agricultural Prices Support Act?" As I already mentioned, the former prime minister promised that all the main products would be supported and yet wheat, which is one of the main products, has never had support under the act since the end of the war. The price of wheat the farmer receives is the world market price.

It is interesting to note that if wheat had been under the Agricultural Prices Support Act and if the support price under wheat had been governed to the full extent by the formula that the government used,—that is using the years 1943-45 as the base period—then the support price for wheat would have been $2.37 a bushel,—I got these prices this spring from the bureau of statistics—and yet the farmers are getting only around $1.19 a bushel, only about half of a parity price.

The old Agricultural Prices Support Act left wheat out of the act. Today the Minister of Agriculture goes a step farther and also excludes oats and barley. At different times the farm organizations have asked that grain should be placed under the Agricultural Prices Support Act, and at other times they have asked that at least wheat or grain be sold under a two-price system; that is, the price for wheat in the domestic market should be governed by parity and the world price, the best possible. In view of the fact that farmers have had to sell their grains at very low prices in the past, at world market prices, farm organizations are asking today that a deficiency payment should be made on wheat to compensate for those losses, and I think that is a very reasonable demand.

When the hon. member for Moose Mountain (Mr. McCullough) spoke earlier he referred to the brief of the Canadian Federation of Agriculture and therefore I am not going to quote in again. However, I do want to refer to certain paragraphs that have been criticized at times in the past. I should like to refer to section 6 on paragraph 11. This brief, by the way, is dated July 24, 1957. The paragraph reads:

> A range of from 70 to 85 per cent of the fair-relationship prices would, for the key commodities mentioned, appear to leave the price support program with the maximum of flexibility consistent with protection of the interests of the farmer.

Personally, I have always been somewhat critical of that for the simple reason that if you selected a base period during which there was a fair cost-price relationship I do not see why the parity price should be at less than 100 per cent. In that case a base period is only giving the farmers a fair cost-price relationship. No one would suggest that in 1943-45 the price of farm products was higher than the price of other commodities because we were still under a price ceiling. Therefore, I have always felt that when we use the base period 1943-45 the farmers are entitled to 100 per cent of that. It gives them only a price that will bear a fair relationship to the price of other commodities. Why should anybody expect the farmers of this country to accept a price which is less than a fair price relationship?

I know that all other forms of society would object very much if they were chosen as the one body in the country that should receive less than their fair share of the national income. I am not critical any more of this declaration of the federation because they have now added something to their program that, in my opinion, fully covers the situation. I say that because section 10 says:

> The deficiency payment method of supporting incomes of producers should be applied on individual products to correct income deficiencies:
>
> (a) for perishable products requiring this type of support.
>
> (b) to supplement market price supports.

If you are going to have deficiency payments in addition to your support prices, then it is no longer so important that your support prices should be at 100 per cent of the parity price, that is of the fair cost-price relationship, because at the end of the year, or at the end of two years, when you have assessed the relationship between farm income and total income and you find that the farm income is down, the deficiency payment can be made to compensate for the deficiency in income of the farmer.

When the Minister of Agriculture is so critical of a fixed base period he should keep in mind the recommendations of the federation of agriculture because whilst it is true that they use a fixed period of 1925 to 1929 they also use the last 10 years for the purpose of ensuring that a fair relationship exist as between the product of one industry and the product of another. In other words, their

formula is a very flexible one; but the minister seems to be so strongly prejudiced against the idea of a base period that he classifies them all as being rigid and ones that would have a disastrous result in spite of the fact that his own Prime Minister has declared that a parity price must have a fixed base period.

Therefore, Mr. Speaker, in closing, I would say that the bill as it is brought before the house is, in our opinion, an insidious one. It is all very well for the Minister of Agriculture to try to make us believe that it was meant to embody a parity price principle. The fact of the matter is there is no mention of parity or fair price relationship anywhere in the bill. It may have been in the mind of the minister. I am still convinced, after listening to him for the last few years, that he is one of those great supporters of the so-called law of supply and demand. I think the motion moved by the C.C.F. is a good one. As a matter of fact, I had a similar amendment all ready written out, ready to move if the C.C.F. had not moved it. I think the logical thing to do is to refer the subject matter of this bill to a committee, where a thorough discussion and investigation could be had, so that we could call representatives of the various farm organizations and take the time to draft a satisfactory bill. There is no rush. The Agricultural Prices Support Act is still with us. We can carry on with that until such time as we get a new bill.

If the government wants to increase support prices at the present time there is nothing to prevent them from doing so under the Agricultural Prices Support Act. They did it with sugar beet and they can do it with a lot of other commodities. Therefore, I say they cannot use the argument that we have to rush this thing because we want to give the benefit of it to the farmers. Any benefit that they want to give to the farmers they can give under the present legislation. Let us do a worth-while job on it. Let us send the subject matter of this bill to the agriculture committee and let us make a thorough investigation of the whole act.

Mr. Johnston (Bow River): And get something worth while.

Mr. Quelch: The minister does not seem to like the idea and somebody said, "of course not". I can quite understand that. He knows very well that if the subject matter of this bill is sent to the agriculture committee a very different kind of bill will come back, if the committee is given a free hand. At least, the recommendation will be very different from the amendments he gave us today. These amendments do not begin to deal with the situation of distressed agriculture today.

(*Translation*):

Mr. Ovide Laflamme (Bellechasse): Mr. Speaker, I have carefully gone over the various sections of this bill: An act to provide for the stabilization of the prices of agricultural commodities, and I have checked it against the Agricultural Prices Support Act, enacted by the Liberal government in 1944 and put in operation in 1946. On the basis of this comparison, I do not see any useful purpose being served by this new bill. It does or allows nothing which was not already possible under the old act, one which was flexible enough to meet the wishes and recommendations of our various Canadian agricultural organizations, from year to year. Let me refer to the fiery statement made by the hon. Minister of Agriculture (Mr. Harkness), on December 11 last. He then said:

> This is a far-reaching and important piece of legislation, perhaps the most important, in its implications, in its expected results for agriculture and its effect on the general economy that has been considered by the Canadian parliament for many years.

And he went on:

> No one piece of legislation can be expected, at one stroke, to transform a complex industry, such as agriculture, from a depressed state to one of full and abounding health.

Well, Mr. Speaker, as far as the farmers of the province of Quebec are concerned, we can say that they are getting used to such bombastic statements. Let us have no more of this posing as the emancipator of the agricultural community. Legislation should be introduced which can really improve, at its very basis, the agricultural situation. The government of Quebec has also long claimed to have pulled farmers out of depressed conditions.

The preamble to this bill sets out the statements which made headlines when it was decided that a further $50 million would go into the fund provided by the act, giving farmers the impression that the federal government, the Conservative government, was presenting them with a gift of $50 million, which is not correct. Well, that legislation, with its additional $50 million, has the same value as the statements of the minister when he claims that he will settle all of the Canadian farmers' problems.

A moment ago, Mr. Speaker, I stated that, because of its flexibility, the previous legislation was such as to meet the requests and

representations of the various agricultural bodies of this country. We had an example of this when the last government stabilized the price of butter on the basis of representations made by the producers. The government went so far as to announce that butter would be supported at 58 cents a pound for two years. That was one of the steps which the previous government was able to take as a result of the flexibility of legislation whose repeal is now sought.

Moreover, Mr. Speaker, I note that this bill provides for the setting up of a board called "Agricultural Stabilization Board". I wonder in what respects this board can be different from the previous one.

To my mind the government of Canada, responsible for the national policy regarding agricultural products, should deal primarily with products of concern to farmers in all of the provinces. Now national interest is not necessarily a matter of geography, and when a fairly large group of farmers in a particular province are engaged in producing a certain commodity, this commodity should be rated as of national interest and should therefore be included in the items listed in paragraph (i), subsection A, section 2 of this bill.

In fact, the bill should set out the conditions under which a product could be covered by the act.

I have in mind particularly maple products, which are a source of revenue for a considerable number of farmers in an important area of the province of Quebec and I can see why my colleague from Beauce, (Mr. Poulin), put a question to the Minister of Agriculture in this regard the other day.

Granting that 90 per cent of the maple sugar is produced in the province of Quebec, its importance to a great number of Quebec farmers, the value of the product, its large market and its genuine export quality make it a product of national importance.

Personally, I think that the bill does not touch the basic problem of economic agricultural rehabilitation in several areas of Quebec. Before deciding on the price stabilization of agricultural products, it is necessary to know whether or not production itself in all branches could not be improved.

That is why I asked the Minister of Agriculture last Tuesday if the Senate committee on land use, established by the former government, specially in eastern Canada, would continue to function and I was very glad to learn that it would.

I am very glad of the action taken by the former government in establishing this committee which, to my mind, deals with the very fundamentals of the required development and improvement of economic conditions for a great number of our farmers, specially in the areas of Quebec and the Maritimes.

When this committee was established, the then prime minister had stated: "Everyone knows that the Senate has been called upon to inquire into the best possible ways of utilizing our land. I know that there are still some ways to increase production and the income of our primary producers."

Mr. Speaker, the farmers of my area are deeply interested in the work of this committee which has already received advice from several experts and briefs from various parts of this country.

I wish to call the attention of the house to two briefs in particular which were submitted to the members of the Senate committee, one by the assistant deputy minister of agriculture (Mr. Chagnon), which was included in the proceedings of this committee on February 21, 1957, and one by Mr. J. P. Lemoine, president of the Catholic Farmer's Union, which was submitted on February 28, 1957.

Mr. Knowles (Winnipeg North Centre): Five o'clock.

Mr. Gauthier (Portneuf): Five o'clock.

(*Text*):

Mr. Speaker: Order. It being five o'clock the house will now proceed to consider private and public bills, the former having precedence.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 200, for the relief of Pierre Rothe. —Mr. Rea.

Bill No. 201, for the relief of Vasyl Dudka. —Mr. Rea.

Bill No. 202, for the relief of John Francis Bernard Deegan.—Mr. Rea.

Bill No. 203, for the relief of Jean Guy Joseph Desparois.—Mr. Rea.

Bill No. 204, for the relief of John Howard Cooper Thompson.—Mr. Rea.

Bill No. 205, for the relief of Romeo Raymond.—Mr. Rea.

Bill No. 206, for the relief of Annette Allard Huint.—Mr. Rea.

Private Bills—Divorce

Bill No. 207, for the relief of Vera Dziedzic Volkman.—Mr. Rea.

Bill No. 208, for the relief of William Toulouse.—Mr. Rea.

Bill No. 209, for the relief of Frances Maud Mercer Barter.—Mr. Rea.

Bill No. 210, for the relief of Florence Bloomfield Cichella.—Mr. Rea.

Bill No. 211, for the relief of Carmen Baron Matucha.—Mr. Rea.

Bill No. 212, for the relief of Martine Rolland Badeaux.—Mr. Rea.

Bill No. 213, for the relief of Gertrude Laurence Delisle Laplante.—Mr. Rea.

Bill No. 214, for the relief of Viola Carmela Starnino Dizazzo.—Mr. Rea.

Bill No. 215, for the relief of Ludek Peter Rubina.—Mr. Rea.

Bill No. 216, for the relief of Bernhard Wilhelm Michael.—Mr. Rea.

Bill No. 217, for the relief of Paul-Emile Bedard.—Mr. Rea.

Bill No. 219, for the relief of Michael Todascu.—Mr. Rea.

Bill No. 220, for the relief of Iris Dorothy Birks Yates.—Mr. Rea.

Bill No. 221, for the relief of Marion Gloria Ewart Balleine.—Mr. Rea.

Bill No. 222, for the relief of Yvonne Florence Kee Brien, otherwise known as Yvonne Florence Kee Durocher.—Mr. Rea.

Bill No. 223, for the relief of Christine Mary Mackay Leavitt.—Mr. Rea.

Bill No. 224, for the relief of William Lucien Proulx.—Mr. Rea.

Bill No. 225, for the relief of Lionel Houde. —Mr. Rea.

Bill No. 226, for the relief of Gilberte Henriette Marie Harchoux Vuillaume.—Mr. Rea.

Bill No. 227, for the relief of Catherine Maitland Moenting Johnstone.—Mr. Rea.

Bill No. 228, for the relief of Maria Torossi Chartrand.—Mr. Rea.

Bill No. 229, for the relief of Judith Sidney Browne Stein.—Mr. Rea.

Bill No. 230, for the relief of Florence Wedge Whitlock.—Mr. Rea.

Bill No. 233, for the relief of Jean-Baptiste Gagnon.—Mr. Rea.

Bill No. 234, for the relief of Christine Silverson Manchur.—Mr. Rea.

Bill No. 235, for the relief of Joseph Napoleon Leon Prosper Brault.—Mr. Rea.

Bill No. 236, for the relief of Kaarlo Kustaa Loikkanen.—Mr. Rea.

[Mr. Speaker.]

INDUSTRIAL RELATIONS

PROVISION OF ANNUAL VACATIONS WITH PAY FOR EMPLOYEES

The house resumed, from Friday, November 8, consideration of the motion of Mr. Knowles (Winnipeg North Centre) for the second reading of Bill No. 2, to provide for annual vacations with pay for employees.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker—

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, it is with some humility that I rise to discuss this bill. It appears that it is the government's intention to introduce legislation involving the same principles. It appears to me that on this question there is now considerable variation in the thinking of industry and labour who many times, left to themselves, work out their problems around the conference table. This is done in most cases to the mutual satisfaction of both parties. These holidays in almost all cases are for a week or longer; and a week, let me say, Mr. Speaker, is almost universal while it is not uncommon in a great many cases to have two weeks and even longer. In some cases they extend to even three and four weeks. In most cases the length of the vacation with pay is directly related to the length of service. It will be found that office workers generally get two weeks.

The provinces across Canada vary in their regulations. It might well be that the matter should be left to the labour unions to negotiate or the provinces, as conditions vary so widely from the Atlantic to the Pacific. For example, for some workers a longer holiday might be of distinct value, for example in construction work; and I am sure that many hon. members in this house can think of many other occupations as well. We have made a great deal of progress in this field. The impact of this legislation proposed by the hon. member for Winnipeg North Centre (Mr. Knowles) will affect roughly between 4,000 to 5,000 workers who now get only one week. The legislation which the government has in mind I believe will serve this purpose better than the bill proposed by the hon. member for Winnipeg North Centre. I would submit that I would have to go along with our legislation.

Mr. G. H. Aiken (Parry Sound-Muskoka): In principle, Mr. Speaker, I am in favour of the bill which is now before the house. It is also in principle the same as the bill brought in by the Minister of Labour (Mr. Starr) which is now before the house as Bill No. 16 and which is on the order paper for second reading.

I have taken the opportunity of comparing the two bills which are before the house. I am quite well aware of the fact that it is contrary to the rules of the house to deal seriatim with these bills on second reading because basically we are discussing the principle of the bill. But in view of the fact that the principle of this bill is similar to that of the one introduced by the Minister of Labour, I feel it is necessary to discuss some of the differences; and only by referring to different sections can the differences become apparent. I will make every effort possible to avoid contravening any rules of the house.

Section 3 of this bill defining the application of the act is identical with section 2, subsection (a) of Bill No. 16. It is also the same as the application of another bill brought forward with reference to statutory holidays. From this I can only assume that the wording of the various bills is derived from some source of well settled precedents which are designed to keep this bill clearly within federal jurisdiction. But since they are similar and since I intend to support Bill No. 16, I see no objection whatever in connection with this particular section.

There is just one other principle in connection with the bill that I should like to mention, namely section 4 of this bill.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I certainly do not want to press a point of order too severely, particularly with my hon. friend who is a new member of the house. But where do we get if we begin discussing the individual clauses of these bills when we are at the debate on second reading? Is it not required by the rules that the discussion at this stage be with respect to the principle of the bill? I realize the difficulty created by the fact that there are these two bills; but if the hon. member is going to spend his time in comparing the clauses of two bills, it seems to me we are contravening the rules.

Mr. Aiken: When I rose, Mr. Speaker,—

Mr. Speaker: Is the hon. member addressing himself to the point of order?

Mr. Aiken: Yes, Mr. Speaker. When I rose to speak I attempted to indicate that that would be my effort, to keep the two bills separate. But as I recall it, when this bill was originally brought in, on first reading there was some discussion then as to whether it was in order because it was so similar in principle to Bill No. 16, which the Minister of Labour had placed on the order paper. The resolutions also appeared to be quite similar.

At the time the argument was put forward, as I recall it, that although the bills were similar there were differences and so there would be no real objection to bringing forward the bill of the hon. member of Winnipeg North Centre (Mr. Knowles). That is the history, according to my recollection of the case, and therefore we are discussing two bills before the house, similar in principle but different in detail. I therefore submit that it would only be by discussing the differences between the two bills that we could talk intelligently about them.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, might I suggest to the hon. member that he could make the kind of speech which I gather he wishes to make and yet stay within the rules if, for example, he would address his remarks to the fact that one bill asks for two weeks after one year and the other bill asks for two weeks after two years. He could discuss that difference in principle without picking out the particular clauses and comparing them word by word.

Mr. Speaker: I think that is the only avenue which the hon. member could follow. It is quite clear that on second reading the principles involved in the bill are before the house for discussion and in so far as he can bring out the differences in principle by reference to the provisions of the bill, without reference to or quoting sections, and by describing the principles in general terms as the differences appear from the reading of the bills, I think he could proceed although, perhaps, not in the way in which he is attempting to proceed.

Mr. Hamilton (York West): Mr. Speaker, on the point of order. Is this not the result of the fact that we have these two bills on the order paper at the same time. With deference, I realize we are proceeding with the discussion of this bill of the private member, but surely in connection with your interpretation of speaking on the principle, when we have two items of legislation before us, the member is talking about principles when he speaks, quite definitely, on the differences which exist between specific clauses in the bills and sections in the two acts. I would suggest, sir, that this is something different from the ordinary course of arguing the principle involved which has been put forward by my friend from Winnipeg North Centre (Mr. Knowles) and that at this stage it is going to be very difficult to actually discuss the principle of the bills unless there can be pretty specific reference to what is involved in each of these pieces of legislation.

Mr. Speaker: Well I have already ruled on the question of whether this bill is properly before the house. What we have before us at the moment is one bill only and my ruling,

as I remember it, was that until the house had taken some action on either of these bills it did not preclude discussion on the other, but the house is now getting into discussion of this particular bill on second reading and if it is desired to make comparisons with the other bill there is no difficulty about that and I do not intend to exclude comparisons. They should, however, be comparisons of principle. It is perhaps rather a fine line to draw when you have bills which are so closely parallel. If there are differences they could be pointed out, I think, in general terms rather than by reading the clauses of this bill.

I do not know whether the hon. member for Winnipeg North Centre would agree with me when I say there is no objection to reading the clauses of another bill which is not before the house.

Mr. Green: Is this not a very strange procedure, Mr. Speaker? After all, last night we had a debate on second reading of Bill No. 16, the last business with which we were concerned when the house adjourned at ten o'clock was the debating of Bill No. 16. Now while it is true that there are some differences in the terms of these two bills, they deal entirely with the same subject and I do suggest to Your Honour that it might be well for you to consider whether or not this debate today is in order.

We have a measure sponsored by the government which is actually under debate and it does seem to me to be quite ridiculous that the house can debate a government measure one day and then the next day debate a private bill which deals with exactly the same thing. That, surely, does not make sense under our rules or anything else and I am very doubtful as to whether it is in order for the house to proceed with this debate today.

If this is proper, then on any government bill which does not involve the expenditure of funds a private member can put in a private member's bill which deals with the same subject, perhaps in a slightly different way, and then you have two debates. It does seem to me that that is a waste of the time of the house and if you can have two debates, why can you not have three or four or five, or six? Why could not another private member bring in another bill dealing with the same subject which might vary in the days or the weeks or other little differences in the terms, which is the position here in so far as these two bills are concerned? I think the house has got itself into an impossible situation on this debate which of course is highlighted by the fact that last night the government measure was actually under debate and then this afternoon we are asked to debate the same subject under a private members bill.

Now I do not believe the hon. member for Winnipeg North Centre can find anything in the rules that would justify a procedure of this kind being followed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, not only can I produce items in the rules, but I can quote Your Honour. This point was raised on the 29th of October and Your Honour made a ruling.

Mr. Speaker: I must point out to the hon. Minister of Public Works (Mr. Green) that this matter is not open to debate. I did rule on this matter before. Now it may seem an absurd thing for the house to debate two bills concurrently but it does have it within its own power to deal with the situation if it does not wish to debate two measures. It can take the appropriate action to defer one in favour of the other.

I did come to the conclusion before that there was no priority as between the bill standing in the name of the minister and the bill standing in the name of the private member and that until the house comes to a decision debate on one does not preclude debate on the other. Having made that decision I cannot very well change it. I am always glad to reconsider decisions, and I may make errors in my rulings, but that is the position we are in at the present time.

Mr. Green: May I ask Your Honour to reconsider this ruling because perhaps at the time when the previous point of order was discussed it was not fully realized just where this kind of situation might lead, and I doubt that Your Honour had any lengthy arguments placed before you. I do, however, suggest that if Your Honour should allow a precedent of this kind to stand it would not be in the best interests of efficient parliamentary procedure and I submit, with due deference sir, that this point is of sufficient importance to justify further consideration.

Mr. Speaker: I did give full consideration to the matter at the time I made the ruling and I do not feel I can change my mind in the middle of the debate. I do not think the hon. members should ask me to do so. I am afraid we must proceed on the basis of the former decision and the hon. member who has the floor will have to do the best he can with the debate.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on a question of privilege, I wonder if I may be permitted to correct just one statement which the Minister of Public Works

(Mr. Green) made? I am not going to argue with him about the ruling, because it was made by Your Honour after arguments had been addressed to you from both sides of the house and it must stand. But the Minister of Public Works, the leader of the house, said a moment or two ago that my bill was presented to the house after the government's bill was presented. He asked what is going to prevent private members time and time again from bringing in bills similar to government bills? Well, so far as this particular bill is concerned, it was on the order paper before the government's bill, and this was one of the factors which was taken into consideration at the time the point of order was under debate.

The Minister of Public Works will recall that there was some debate on this matter in which members on both the government side and the opposition side took part. The Speaker gave the matter consideration, read a number of citations and delivered a ruling on the point. I do not wish to get into an argument about the validity of the two bills being on the order paper at the same time, for that validity was settled by Your Honour, but I think it should be made clear that my bill was on the order paper first.

Putting the words used by the Minister of Public Works in reverse, it could equally well be argued that the government could come along at any time and get rid of a private member's bill by bringing in its own bill.

Mr. Green: On that point, I submit that is exactly what the government can do. When the government sees fit to bring in a bill it can do so, and it cannot be stopped by a private member.

Mr. Knowles (Winnipeg North Centre): I agree, but it works both ways.

Mr. Green: It could not be stopped by a private member putting on a bill a day or two before. That would be another ridiculous situation.

Mr. Speaker: As I said, this matter has been settled and I think we are not spending time profitably in discussing it further.

Mr. Hamilton (York West): Could I have one word?

Mr. Speaker: No, I will not permit my ruling to be discussed further. I have made my ruling and I will not consider the matter further. However, if there is another point of order—

Mr. Hamilton (York West): It is not exactly on the same point of order. It was only about the difficulty of dealing with the matter of principle. Perhaps the hon. member could stay within the rule if he simply refrained from referring to the number of the specific sections he is speaking about.

Mr. Aiken: The point of order which was originally raised, I believe, by the hon. member for Winnipeg North Centre has become diverted, and I will, in deference to Your Honour's ruling, attempt to proceed with the provisions of this bill without references to the clauses of the same but merely to differences in principle between the two bills as presented.

It is my understanding that the rules of the house prevent dealing with the clauses seriatim which I understand to mean taking them in sequence, one, two, three, four, five and so forth, and I wish to assure the hon. member that I do not intend to proceed on that basis.

Now there is one other provision in the bill presented by the hon. member for Winnipeg North Centre which differs from that presented by the Minister of Labour in Bill No. 16. The basic difference is that in the bill we are now discussing there is provision for an annual vacation with pay of two weeks for each year of employment with any employer and this two-week period begins after one year of service with that employer. Bill No. 16, however, provides only one week's vacation after the first year of employment. Now I think the limitation imposed by Bill 16 presented by the government is a fair limitation, and I should like to put forward two reasons for thinking this is the case. In the first place, it is well known that any employee entering on a new occupation or employment requires a period of time in which to become familiar with the work he is doing. The first year of employment might well be considered a training period during which the value of the services rendered to the employer is, perhaps, not as great as it would be in subsequent years.

An engineer employed in one of the services of the government might be extremely well trained in his own profession, he might have extensive experience in the type of work in which he has been engaged, but he might find that the work for which he has been employed is different in its character and surroundings from that which he has done before. Even with his extensive training it would take him some time to adjust himself to the routine of his new work. I might also mention the example of a stenographer taking up a new position. She might be able to type well, to take shorthand and to file, but in order to become familiar with the surroundings of her employment, the

people with whom she has to work and the different circumstances under which she works, she does require a period of acclimatization or training. For this reason I would suggest that the first year of employment with one particular employer might not justify the full amount of vacation which might otherwise be given. The first year is fully justified, I believe, on this ground.

A further reason in its favour is that it would provide greater stability in employment. If an employee could move from one position to another within the government service, or an allied service, freely, or move freely from one type of employment to another and still secure each year the same amount of vacation or vacation pay, there would be no reason for that employee staying in any one place, and I think the provision in the other bill would make the stability of employment much less than it ought to be. For these two reasons I think the limitation which has been placed in the bill by the Minister of Labour is justified. That is all I want to say about this particular difference.

There is one more difference between the two bills to which I would like to call attention. Bill No. 2 is somewhat more complicated in its wording and application than the bill subsequently presented as Bill No. 16. The bill we are now considering contains some 25 paragraphs to which it is obvious a great deal of effort and thought have been given. I wish to refer in particular to clause 15 which sets up the principle of a vacation book system and which does provide in my opinion a more detailed and difficult accounting system than does Bill No. 2.

The provisions of the bill we are considering would involve a good deal more accounting, inspection and paper work—red tape, if you would have it that way—than the provisions of Bill No. 16. Those are the three main differences in principle to which I want to draw attention. I think the bills are similar in purpose, namely providing two weeks vacation with pay in respect of every year of service. The government has a bill before the house which seeks to give effect to this principle and I think I can safely say that in principle I am in favour of both bills.

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I am very glad to have an opportunity to say a few words in connection with the bill sponsored by the hon. member for Winnipeg North Centre (Mr. Knowles). I believe in reasonable annual vacations and they are generally accepted in our society today. However, since there are now two bills before the house this situation places hon. members on this side of the chamber in an awkward position.

Mr. Knowles (Winnipeg North Centre): I give my friend full marks for honesty.

Mr. Thomas (Middlesex West): I am coming to that. If the bill sponsored by the hon. member for Winnipeg North Centre is accepted it does constitute to some degree want of confidence in the government. I do not know how you can avoid that implication. Therefore, although hon. members on this side of the house may agree with the principle of the bill we are now debating, since the government is sponsoring a bill which gives effect to the same principle—and especially since this legislation would have the effect of requiring the expenditure of government moneys indirectly if not directly —our acceptance on this side of the house of a private member's bill from the opposition side of the house would constitute want of confidence. As far as I am personally concerned as a private member on this side of the house I see no alternative but to oppose the bill sponsored by the hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the hon. member permit a question. I wonder if he is aware of the fact that in 1956 when my bill in identical form was before the house eleven hon. members who are now members of the cabinet voted for it and therefore would he not be voting confidence in those eleven hon. gentlemen, who are after all a majority of the cabinet, if he voted today the same way they voted in 1956?

An hon. Member: What do you expect, logic?

Mr. Thomas (Middlesex West): It is quite easy to ask questions which put one in an awkward position, I recognize that. Nevertheless I still think I am on sound ground when I say it does constitute or at least implies a lack of confidence in the government for myself as a private member on the government side of the house to support a motion which comes from an hon. member of the opposition and replaces a bill which is being sponsored by the government.

Mr. Barnett: Which bill was on the order paper first?

Mr. Thomas (Middlesex West): I do not know which bill came first but the fact remains that the two bills are now before this house. I presume that under the rules of the house I can argue the merits of the bill which I am placed in the position of having to support and for that reason I am

going to refer to Bill No. 16. Up to this point the Speaker has not intimated that this is wrong so I will proceed.

Bill No. 16 seeks to provide for annual vacations with pay for employees in federal works, undertakings and businesses. Clause 2 sets out interpretations some of which I will place on the record:

2. In this act,

(a) "federal works, undertakings or businesses" means (i) works, undertakings or businesses operated or carried on for or in connection with navigation and shipping, whether inland or maritime, including the operation of ships and transportation by ship anywhere in Canada; (ii) railways, canals, telegraphs and other works and undertakings connecting a province with any other or others of the provinces, or extending beyond the limits of a province; (iii) lines of steam and other ships connecting a province with any other or others of the provinces, or extending beyond the limits of a province; (iv) ferries between any province and any other province or between any province and any country other than Canada; (v) aerodromes, aircraft and lines of air transportation; (vi) radio broadcasting stations; (vii) banks and banking;

There are a great many people who are engaged in these various so-called federal works, undertakings and businesses who already have the advantage of vacations with pay. The interpretation clause goes on to provide:

(viii) such works or undertakings as, although wholly situate within a province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces; and (ix) any work, undertaking or business outside the exclusive legislative authority of the legislature of any province, and all other works, undertakings or businesses that are within the legislative authority of the parliament of Canada, but not including any works undertakings or businesses of a local or private nature in the Yukon Territory or the Northwest Territories;

Perhaps there is not much point in reading the rest of these interpretation items but the interpretation of "vacation pay" might be of interest. Subclause (c) of clause 2 provides that:

(c) "vacation pay" means

(i) four per cent of the wages of an employee during the year of employment in respect of which he is entitled to the vacation, if he is entitled to a vacation of two weeks, and (ii) two per cent of the wages of an employee during the year of employment in respect of which he is entitled to the vacation, if he is entitled to a vacation of one week;

Mr. Knowles (Winnipeg North Centre): Does the hon. member agree with that last subclause of the other bill?

Mr. Thomas (Middlesex West): I am not at liberty to discuss the section of the bill.

Mr. Knowles (Winnipeg North Centre): Does the hon. member agree with the sub-clause he has just read? Perhaps he would like to look at it and see what it means?

Mr. Maloney: That is cross-examination.

Mr. Thomas (Middlesex West): I would like to answer the hon. gentleman's question. In general, yes, I agree with that principle. There is this to be said in connection with this definition. It implies that where an employee does not take his holidays, or ceases to be employed after the end of one or two years, and if between the end of this first year of employment and the end of his second year of employment he severs his connection he would receive 2 per cent of his annual wages by way of vacation pay. If he had completed two years of employment thereafter and severed his employment he would receive 4 per cent of his annual pay. To that extent it does not provide for a vacation but it provides for vacation pay.

I am not too familiar with the usages and customs as outlined in labour-management contracts, but I should like to make this point. Any time that wages are interfered with, any time that we pass such legislation as this, increasing costs—and that is what it amounts to—we affect the whole economy to a greater or a lesser extent. It has the effect of raising costs somewhere. Now, the public are interested, and have the right to be interested, when anything of this kind is done or any such action as is contemplated is taken. I think that by and large the public are in favour of this legislation. It is a matter of transferring some advantages from one group in our economy to another group. Still, I think the public are in favour of it.

I represent for the most part a rural constituency. Most of the people in our area are farmers and I should take the opportunity to get in a plug for the farming interests. There is legislation before the house which we were discussing just before we began this discussion which purports to improve the position of the farmer.

Mr. Knowles (Winnipeg North Centre): "Purports" is right.

Mr. Speaker: Order. I do not think the hon. member will find anything in Bill No. 2 which relates to farming.

Mr. Thomas (Middlesex West): Mr. Speaker, I was simply undertaking in the statement I was making to prove that such action on the part of the government would in fact have some effect on the farmers and I was going to say to those who are supporting this legislation for the benefit of the wage earners that certainly the farmers have a right to expect that the farm matters which are under consideration will also receive sympathetic support. Maybe that is out of order.

Let me get back to the government legislation which is proposed. Subject to this act,

every employee would be entitled to a vacation of at least two weeks with vacation pay in respect of every completed year of employment. There is something wrong there. I had better go back. I read:

This act applies to and in respect of (a) employment upon or in connection with any federal works, undertakings or businesses;—

An hon. Member: What bill is that?

Mr. Thomas (Middlesex West): Bill No. 16.

Mr. Speaker: If the hon. member is returning to Bill No. 16, may I say to him I allowed him a fair amount of latitude in dealing with Bill No. 16 a while ago, hoping that he would somehow relate it to the bill under discussion, but I do not think I should permit him to return to Bill No. 16 unless he has some purpose in mind in connection with the bill which is now before us.

Mr. Thomas (Middlesex West): Mr. Speaker, I was trying to show why it is necessary for me to vote against the bill as proposed by the hon. member for Winnipeg North Centre. There is an alternative bill before the house and therefore I should support the alternative bill. At any rate, this bill is sponsored by the hon. member for Winnipeg North Centre—

Mr. Knowles (Winnipeg North Centre): And supported last year by the Conservatives.

Mr. Thomas (Middlesex West): As I understand it, the principle of the bill is supported by the Conservative element in this house and, as I said, the principle is largely supported by the population all across the country; but unfortunately, it is introduced in such a way that we cannot vote for it without indicating a measure of lack of confidence in the government. Therefore, we have to praise it and let it go.

Mr. Knowles (Winnipeg North Centre): Just like the Liberals during this session, barking but not biting.

Mr. Thomas (Middlesex West): And at an opportune time enact legislation which will serve the purposes intended to be served by the bill now before the house. The opposition members who are sponsoring this bill have done a great deal of promotion in the way of legislation for the working people. I would point out that they are not the only ones who have promoted legislation of this kind. I would point out that the record of the present administration in bringing forward legislation to help the working people, and to help the farmers of this country, is not to be surpassed by any government which has been in power in this country since 1867. With that, Mr. Speaker, I will conclude.

[Mr. Thomas (Middlesex West).]

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker—

Mr. Knowles (Winnipeg North Centre): Here is the official talker-outer.

Mr. Dinsdale: —the hon. member who has preceded me in this discussion has not left much time for the contribution that I wished to make. I say that quite seriously. The interjection of the hon. member for Winnipeg North Centre (Mr. Knowles) with reference to myself indicated that I was the official talker-outer. This remark will indicate that there is a certain amount of professional jealousy between him and me.

Mr. Knowles (Winnipeg North Centre): It is the old school tie.

Mr. Dinsdale: That is precisely the point I was going to make. I want to take part in this discussion this afternoon because on the bill before us I can agree almost completely with a fellow graduate from my own alma mater. It is not always that we see eye to eye on matters in this house.

There was only one small criticism I wanted to make, however. The principle of Bill No. 2, as well as of Bill No. 16, is a very commendable one. I should like to suggest, Mr. Speaker, that the hon. member sponsoring the bill does not practice what he preaches. He is the only man in this house who never takes a vacation. If you look down the list on the order paper, I am sure it would demonstrate that fact.

I do not believe any hon. member in this chamber would be against the idea that is being sponsored here this afternoon. It is an idea which is perhaps more firmly established in private industry than it is in public business, that every working man deserves a reasonable period of holidays. I think the principle has come about for entirely practical reasons. I should like to approach it from two standpoints. First of all, if you give an employee a reasonable period for vacation it makes him a much more effective employee. This principle perhaps applies today more than it ever did before because so much of the work in this age of mechanization is of a routine and administrative nature. Secondly, in the kind of world in which we live today it is to an increasing extent becoming obvious that more leisure time is at the disposal of the working man. The hours of work are decreasing and the amount of leisure time available is on the increase.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Dinsdale: Certainly.

Mr. Knowles (Winnipeg North Centre): Does he not believe that both of these principles apply just as well to the first year of employment as to the second year of employment?

Mr. Dinsdale: Quite; the first year of employment should certainly allow for a reasonable period of vacation. My time has almost expired, and I had intended to deal with this point before concluding my remarks. Now that the question has been raised by the hon. member, I should like to make a reasonable appeal to him. I will put it in the form of a question. Does he not think that any employee should establish a reasonable degree of competence and also indicate by his attitude towards his job that he has a reasonable degree of dedication and seriousness of purpose to his occupation?

Mr. Knowles (Winnipeg North Centre): Would the hon. member like an answer?

Mr. Dinsdale: Yes.

Mr. Speaker: If the hon. member for Winnipeg North Centre speaks now he will close the debate.

Mr. Dinsdale: It seems—

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

Mr. Dinsdale: May I proceed without further interruption? It seems to me that this is the only point of difference between Bill No. 2 and Bill No. 16. I have the utmost confidence in the Minister of Labour (Mr. Starr) who is sponsoring Bill No. 16. I have read his bill along with that of the hon. member for Winnipeg North Centre, and it seems to me that all the available information on this problem has been gathered together by the Minister of Labour. He has taken these important principles into consideration. If the hon. member for Winnipeg North Centre will adjust his thinking in this slight respect, this difference between one week for the first year as against two weeks for the first year, he will find it possible to support Bill No. 16. Then, we will move more rapidly to a very desirable goal and I think we will avoid considerable—

Mr. Knowles (Winnipeg North Centre): Is a vacation with pay a reward or a right?

Mr. Dinsdale: It is a bit of both, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): There is where we differ.

Mr. Dinsdale: It could be both.

Mr. Speaker: I am sorry to interrupt the hon. member, but the time for consideration of public and private bills having expired, the house will resume, when it resumes, consideration of the matter which was under discussion at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

AGRICULTURE

MEASURE TO PROVIDE GUARANTEED PRICES FOR CERTAIN COMMODITIES, ETC.

The house resumed consideration of the motion of Mr. Harkness for the second reading of Bill No. 237, for the stabilization of the prices of agricultural commodities.

(*Translation*):

Mr. Ovide Laflamme (Bellechasse): Mr. Speaker, when the house adjourned, at five o'clock, I was discussing Bill No. 237 and I had mentioned the work done by the important Senate committee on the use of land in Canada. Quoting from a brief submitted by the assistant deputy minister of agriculture, Mr. Chagnon. Here is what he said before the committee on Thursday, February 21, 1957:

"Farming as now practised in Eastern Canada does not seem to provide for a substantial proportion of our farmers and their families, a standard of living comparable to the average standard prevailing in Canada at the present time. A common explanation for this is that farms are too small, labour costs too high, farm prices too low, and so on."

Mr. Chagnon, whose experience and knowledge of Canadian agriculture are very wide, then deals in this brief with the problem of the economic recovery of a certain portion of Eastern farmers, and highlights a solution which he found very successful, the fertilization of grazing land in areas where farming requires too much work for the returns it has to offer.

Quebec agriculture in particular owes much to the work and knowledge of Mr. Chagnon. May I, incidentally, point out that he has rendered numerous services to the Quebec farmers, especially before he was called into the federal Department of Agriculture where he is continuing his admirable work.

It should be noted, however, that the remedy proposed by the assistant deputy minister of agriculture necessarily requires a transformation of the agricultural methods used in less fertile areas.

One factor which must necessarily be considered is the fact that on many small farms too much money is being spent on farming machinery.

Nobody, of course, can blame a farmer for wanting to mechanize his farm, but in many cases farmers have to spend $5, $10, $15 and even $20,000 on farming machinery which serves only four months a year. The cost of these machines, their normal depreciation and their uselessness during too great a part of the year, are a heavy load on the budget of many farmers and constitute, I think, a capital expenditure which does not give sufficient return, if not a pure loss.

The pooling by a number of farmers of the machinery necessary to proper farming should be practised more efficiently than it is at the proper time. Now let me turn to the brief presented by the president of the U.C.C., Mr. Lemoine, to the same committee on Thursday, February 28, 1957. I would like to call the attention of the house to the figures submitted by him to point to the complexity of the problem. According to Mr. Lemoine's survey, in 1956 46.2 per cent of Quebec farmers lived on farming alone. The percentage for the whole of Canada, including Quebec that same year was 38 per cent. Therefore, 54 per cent of our farmers have to work outside the farm for part at least of their livelihood. In Quebec, as a matter of fact, 32 per cent derive income from logging and 22 per cent from industry. When I mention the percentage of those who must find some revenue through working in the bush, I believe that this demonstrates the necessity for farmers—especially Quebec farmers—to be assured of a minimum price for pulpwood. This request was often presented by groups belonging to the U.C.C. and the authorities concerned should see to it that a favourable conclusion in this regard be arrived at since this is a matter which involves at least 32 per cent of farmers.

Moreover, in the province of Quebec, there are 18 per cent of farmers whose income from sources outside farming is greater than from farming itself. In his brief Mr. Lemoine also deals with the matter of fertilizing grazing land in areas where raising crops is extremely difficult. In this regard also he went on record as approving the opinion expressed by the assistant deputy minister, Mr. Chagnon.

Taking up then the matter of pasture land in these districts, and that of markets for agricultural products, Mr. Lemoine refers to that part of the Gordon Commission report where it is predicted that in 1980 or thereabouts Canada will have 26,000,000 people. Mr. Lemoine states that the expected increase in population as well as the increase in income will make for a stronger consumer demand, with an increasingly pronounced preference for food of the best quality.

This means of course that the development of our agriculture is closely tied to the increase in the population. That is obvious in the case of farmers whose farms are situated close to large centres where they have natural outlets for their products, practically on their doorstep.

In any event, agriculture in those areas should, as much as possible, be directed in such a way that the greatest possible number of farms may provide our farmers with an income comparable to that of other Canadian workers.

The Conservative government merely changed the title and introduced complications in eleven year old Liberal legislation. If the Minister of Agriculture meant to play Santa Claus to the Canadian farmer, he will soon find out that the agricultural class is greatly disappointed by a political party which has promised it everything in that field.

The problems of agriculture are not new. In his brief, Mr. Chagnon states: "I have known the technical aspects of agriculture for the past 30 years and I can say that the problem of inadequate income on the farm is not new. I heard of it even when I was young".

Personally, I am far from approving the formula, which I would describe as one-sided, proposed by the C.C.F. party and I do not like the lack of objectivity of their basically demagogical statements, with regards the best means of increasing farm income.

(*Text*):

Hon. W. Earl Rowe (Simcoe East): Mr. Speaker, I appreciate the applause from my friends on both sides of the house. As this is the first time that I have risen this session I might be permitted to congratulate you, and to say that I am happy to see so many of my old friends in parliament and I am especially

happy to see so many new friends in parliament. I think probably both are an improvement.

I have listened to the debate on this particular bill with some interest and some concern. I believe it is the most important agricultural bill that has ever been brought before this parliament. I can quite appreciate the attitude of those who sit to your left, Mr. Speaker, especially that of my genial friend the former minister of agriculture, the hon. member for Melville (Mr. Gardiner) for whom I have always had a very high regard, whether he believes it or not, when it is suggested that this was an election issue or an election dodge. The reason, Mr. Speaker, is probably—as he has emphasized so fluently—that it is the same bill that he proposed in 1944, just before the 1945 election. In fact he did very well with it at that time but now he comes back with the attitude of scorn it but still adorn it, because he has seen it work twice. It served his purpose very well in 1944; it elected him. He thought so much of it, Mr. Speaker, that he decided he would not use it and now he comes back and sees it is better than it was, and now he condemns it. I sometimes wonder just where we farmers come in here. My hon. friend laughs but I have been a farmer—

An hon. Member: You still are.

Mr. Rowe: —and I am still a farmer and I am still responsible for the management of a lot of acres. My right hon. friend, the former minister of agriculture, in a facetious mood, when somebody said one day that I was a dirt farmer, replied maybe I was a dirty farmer. Well, Mr. Speaker, he and I both know how difficult it is to keep a farm clean; our farms might be cleaner were it not that we are in parliament. But I will remind him, and he will recall it very well, that a very great friend of his and of the hon. member for Essex East (Mr. Martin), the hon. member for Waterloo North (Mr. Schneider), said that the right hon. former minister of agriculture was one of the greatest politicians ever to be the minister of agriculture. He said—in a very facetious mood because I did not agree with it and I know my right hon. friend did not agree with it either—that when the right hon. gentleman went home after he had been talking politics for so long and he ground up some of his surplus wheat and wanted to feed it to a hog, the hog backed up and said "You have fooled so many people, I do not believe I will try to eat it."

However, Mr. Speaker, I have listened to the right hon. the former minister of agriculture this afternoon and I could not help but think of how regretful he must have been that he had not used that mediocre bill more than he did. There was nobody to your left, Mr. Speaker, who could have done more to help re-elect the previous government than the right hon. gentleman. I would not like to say that he was the most responsible for their defeat but he could have been the most responsible for their remaining in power had he then used a little more of the powers he had under that bill. I know that he had opposition in his cabinet; I know that he was not able to do all the things he wanted to do and perhaps he and I are both in the twilight of our careers so I would hesitate to say the things I used to say about him—

Mr. Gardiner: Go right ahead.

Mr. Rowe: I know he likes this bill. I know he knows it is an improvement on his bill. I know when he speaks about hesitating to support it that he has no intention of opposing it, because he would rather risk the fortunes of the farmers than risk the next election on this issue—

Mr. Gardiner: Try me.

Mr. Rowe: I know if I was in his position I would too. Mr. Speaker, this is an excellent bill. This bill has been improved.

The hon. Minister of Agriculture (Mr. Harkness) today is a very fortunate choice as the Minister of Agriculture at this time. No man in Canada on our side of the house—and certainly with their reputation there is no one over there one would want to pick now—could have been picked who would have made a finer minister of agriculture than the present minister. He is one of those down to earth men, he is a farmer.

Mr. Knowles (Winnipeg North Centre): Oh, do not be so modest.

Mr. Rowe: He is a lot better minister than you would have made. There is no one, Mr. Speaker, in this house who talks so long on so many things of such very little interest to anyone as the hon. gentleman who has just interrupted. Just compare the two, Mr. Speaker; just compare the two. God help the Canadian farmer if the member for Winnipeg North Centre had been minister of agriculture. He would not know a dairy cow from a beef steer.

Mr. Speaker, we have a practical man; we have a man who does not split hairs; a man who does not waste a lot of the time of parliament. I have been sitting here and you may have thought that I have not been thinking about what has been going on, but I have been counting up what has been going on here in parliament. The right hon. the former prime minister of this dominion, a most distinguished Canadian—

Some hon. Members: Hear, hear.

Mr. Rowe: —is a man who, next to the Prime Minister of Canada (Mr. Diefenbaker) is the most responsible man in parliament, as you will all agree. Now, I have checked in *Hansard* and I find my hon. friend from Winnipeg North Centre (Mr. Knowles) has used just eight times as many pages as the right hon. the leader of Her Majesty's loyal opposition in this house. May I remind my hon. friend, because I always have to be an economist in order to pay my hotel bills here, that every hour of this parliament costs our taxpayers $1,000.

Mr. Knowles (Winnipeg North Centre): Closure.

Mr. Pickersgill: Is this one worth it?

Mr. Rowe: Since last fall he has cost the country about $10,000 in the hours he has spent speaking in this parliament while the right hon. the Leader of Her Majesty's loyal opposition has cost this country about $800. In fact he is worth that much to the country and I would have paid his expenses myself. Perhaps his silence is due to his years of experience and his tolerance in listening, as he and I have had to do, to a lot of things that have been of little help to either the farmers or the industrialists or business generally.

An hon. Member: Not much help is right.

Mr. Rowe: And as for my hon. friend the member for Winnipeg North Centre, I have great admiration for him too. He knows the rules so well and emphasizes them so much that I sometimes wonder if he is a theorist who would almost make parliament look ridiculous. Mr. Speaker, there are 100 members in this house who have not taken up as much time during this session as the hon. member for Winnipeg North Centre. Perhaps the wagon that makes the most noise needs the most grease, but I must say I have seen more men talk themselves out of parliament than I have ever seen talk themselves into it. I have heard more nonsense from those who talk the most than from those who talk the least. I listened to the hon. members in the far corner discussing this bill and then moving the amendment that Bill No. 237 be not now read the second time but that the subject matter thereof be referred to the standing committee on agriculture and colonization. My congenial friend, the former minister of agriculture, would not have moved a motion like that, because he would see that this casts the die for another election and would put them further into oblivion than ever before. It needs Spartans to make a motion like that —people like the hon. members in the far corner to make a motion that Bill 237 be not read the second time.

Mr. Speaker, with all your technicalities and rules can you imagine what that means? It would mean the end of this bill. It would mean that these great champions who want to give the farmers 100 per cent parity are saying to the farmers of Canada that we are here in parliament to see that the bill should end entirely. The former minister of agriculture says he does not like it. I think he made an excellent speech; in fact, I have never heard him when he did not make a good speech. I never heard a man who could speak louder when his case was weaker. I have always enjoyed his speeches, because I enjoy the sporty style he has, but he would never be so stupid as to move a motion which would eliminate the bill. He gives quiet acquiescence to it rather than go to the country. He says: it is just a little bit better than the one I brought in that won an election for us.

My hon. friends in the far corner who never hope to have responsibility can champion $100 for old age pensions and 100 per cent parity and not even know what parity means. These champions of agriculture, knowing they will never have an opportunity to come into power, will suggest anything. They would find the former minister of agriculture and myself probably both voting against some of the wild ideas they have. Mr. Speaker, it sounds to me like the last swan song of a party which has seen two other parties get very close in competition; of a party which has no hope; almost like those who have very little pride of ancestry politically and no hope of posterity in the future. My hon. friends in the far corner will not have a corporal's guard here after the next election.

I am amazed at the hon. members to my right who, tonight, would move a motion in the terms I have mentioned with the guaranteed support of those sitting in turn on their right. Neither one would have had the courage, Mr. Speaker, to make such a motion if they thought the other great historic party would support such nonsense. They can be champions, they can hurl, they can move the hell from the blue in their speeches provided they know that the former minister of agriculture and those who follow his good political judgment are not going to be carried down the wild garden path with them.

Mr. Herridge: You are both rowing in the same boat.

Mr. Rowe: I would never want you to row in my boat because I know it would be sure to sink. A man who has had the Conservative inclination you have and who has rowed with the group you have been rowing with for years could not row a thing politically.

The Minister of Agriculture has shown me in the short time he has been Minister of Agriculture in this dominion that history will recall him as the best minister of agriculture we have had since confederation. I have great regard for the former minister of agriculture. I have a keen regard for him. He knows I have. I have a keen regard, too, for the old historic Liberal party. I say to my hon. friend from Essex East (Mr. Martin) than I do not want to show him any partiality because I do not know which way he would take it if I did, but I do say to him and to the hon. member for Algoma East (Mr. Pearson) and to whoever else might be a candidate for the leadership of the great historic Liberal party in Canada, that I hope, and I say this with all sincerity, the Liberal party will select a good leader. They have had an excellent leader in the right hon. gentleman, the member for Quebec East (Mr. St. Laurent). He is a gentleman, a great Canadian, a great statesman and a man who will go down in history as having been the prime minister of this dominion for many years without one finger pointing at him. So I hope that whoever is named will be a good leader, because I am confident that if democracy is going to continue in this country it will go on with a two-party system. I am satisfied—and I am more confident than ever after listening to the debate on the motion which has been moved today—that there is no room in this house for more than a yes or no to any question, and that does not need more than two parties.

Mr. Speaker, I am, as probably you know, a champion—or I am trying to be a champion; I am not much of a champion—of free enterprise. I am a subscriber, at least, to private enterprise, and I am confident that no man merits his place in this country who does not burn the midnight oil. You will see that whoever is chosen leader of the Liberal party will burn the most midnight oil in Canada between now and the time the hon. member for Quebec East retires.

I do not believe in regimentation. That is why I can quite understand that hon. members to my right would not subscribe to this bill because it would not guarantee 100 per cent parity, in other words it would not guarantee over-payments for over-production and guarantee surpluses which would put us in a worse mess than the United States is in today. Mr. Speaker, stop and think. Have any responsible people in Canada been suggesting that we should go out for 100 per cent parity. Why, Mr. Speaker, Mr. Benson in the United States today is almost smothered with his surpluses which are now worth $10 billion. A few years ago it cost $1,300 million to handle the surpluses of the United States. Last year it cost $3,300 million. If they are going on as they are going on at present in this great new land and produce much more of what they do not need it may well be that the cost in future will be greater than $10 billion.

The former minister of agriculture says this bill is not much better than it was before.

Mr. Gardiner: Not quite as good.

Mr. Rowe: Well, then, if you think it is not quite as good I cannot figure out in my limited experience why you do not vote against it. Probably you can, and you will tell me on the side.

Mr. Speaker, the former legislation which the Liberal administration brought in emphasized the uncertainty of the farmers' prices. The bill which the Minister of Agriculture has brought in now emphasizes stability. You did not have a 12 months guarantee. You could do as you like with it, which you did, and that is why the farmers of Canada voted against you. They had lost confidence in your administration of the act, though they believed there was some merit in it. In all fairness, you did not even take what merit there was in the act out of it, and yet you are criticizing the present Minister of Agriculture who has improved it and who has suggested it will give at least a 12 months guarantee.

The flexibility has been criticized. I know the former minister of agriculture tried to emphasize today—and I ask his pardon because I was called out to the telephone; in fact, I expected to leave on the 4.15 plane; I went out to the airport, but the plane was grounded; I cannot blame either the opposition or the government for this—

Mr. Pickersgill: Lost in the fog.

Mr. Rowe: I heard the hon. member waxing eloquent and speaking loudly and with all due regard for him I must say that every time I hear him speaking loudly I know that his case is almost lost. The hon. member knew that this bill was an improvement on his. He realized that it meant stability. As a farmer he knows there is nothing the Canadian farmers need more than stability.

I have farmed all my life as did my parents and grandparents and I think I farm with relative efficiency. I am not going to say that I farm as efficiently as I would like to but I am still farming a lot of acres and I leave it to you to draw your own conclusions. If I were too inefficient in my operations I would lose acres. My farming experience has taught me that there is nothing as important to the farmer as stability of prices. When

a farmer has his stock ready for market and learns that the price has dropped 50 per cent it is a heartbreaking experience. When the taxes are due and the buyers come in and offer him five cents a pound less for beef or some other product it is a soul-sickening ordeal for both the farmer and his wife.

What is being proposed now is that the farmer will have at least an 80 per cent guarantee as a minimum. The maximum can be 100 per cent or it can be more. The former minister of agriculture knows as well as he knows he is a prominent member of the Liberal party that you cannot have a sound agricultural policy without flexibility such as is provided in this bill. He emphasized the flexibility existing in 1944. My hon. friends to his left would recklessly suggest that we should have 100 per cent guaranteed parity. I have heard my hon. friends to my right and my hon. friends in the far corner on the other side of the house say that the Prime Minister had at some time in the past talked about parity. Certainly he talked about parity but at no time did he say that he stood for 100 per cent parity as a fixed principle.

Mr. McCullough: Be careful.

Mr. Rowe: The provisions of the bill before us might very well mean 125 per cent parity. The rigidity of 100 per cent parity would be a most dangerous precedent for any party to put into force and the only ones who suggest it are those who know they have no hope of ever being in power.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Rowe: Surely.

Mr. Pickersgill: Did I understand the hon. member to suggest that his leader has no fixed principles?

Mr. Rowe: I think the hon. member made that comment in a facetious way and therefore I will not repeat what my good friend the hon. member for Bonavista-Twillingate (Mr. Pickersgill) said the other day to the effect that there were no principles down in his riding. I am sure there are but I am sorry he does not recognize any in other places. I shall only say that I think he phrased that question rather facetiously.

The leader of our party has said on repeated occasions that he believed in a principle of parity that would bear a fair relationship to the cost of production and farm prices and I believe he has stood on that principle. I know that my friend, the hon. member for Bonavista-Twillingate, has at least enough principles to recognize that that is the principle. I do not believe that any party should follow the principle of rigid parity.

I am not going to suggest that this bill is a cure-all for the entire agricultural industry. Agriculture is a unique industry and it is considered the basic industry. It is not many years ago that 80 per cent of the people in Canada were involved in agricultural production and dependent for their livelihood upon it. Today only about 15 or 18 per cent are in this position because the machine age and all that it implies has changed the situation. I am convinced that no government in Canada is doing its duty toward this young dominion if it neglects agriculture. In saying that I am not suggesting that any government should assist agriculture with a view to winning the farmer's vote. We have been through two great wars within the last few years and we know that if the agricultural industry in Canada should fall down our armies would fall down. The high prices that were paid for agricultural commodities during periods of war are an indication that agriculture is not only indigenous to Canada in peace but is of paramount importance in time of war.

If we are worthy of the place we hold in parliament we should keep agriculture in a reasonably prosperous position. I do not believe we should be expected to build up supports to the extent of pap-feeding the production of agricultural products of which we have a surplus but I do believe that agriculture generally should be taken into account. We have unemployment insurance for the labourer when he is out of a job but to date we have had very little that would assist the farmer when his prices drop and he has to sell his goods at a price less than his cost of production or even the cost of the labour involved in his production in some cases.

I do not believe we can put a set, fixed and rigid price on agricultural commodities to the extent that we are going to encourage the production of something that nobody wants. I have great regard for the Minister of Agriculture. With all due respect for the former minister of agriculture I would express my belief that the present Minister of Agriculture is one of the best ministers of agriculture that Canada has had since confederation. I do not want to see him follow the policies my hon. friends down to the left who know very little about agriculture advocate in their wild and impetuous suggestions which they can never hope or expect to put in practice. If he did, I think some day he would be wiping rotten eggs off his hat like Mr. Benson in the

United States. Mr. Benson is a great gentleman but he got hold of a policy like the Irishman who had hold of a wildcat by the tail; he was afraid to let go and he was terrified to hang on. Mr. Benson under this policy has built up surpluses that neither the present nor the former minister of agriculture could have possibly tolerated. I will say that while the former minister of agriculture did not do everything he might have done for the farmers of Canada—and many farmers thought so—and although he lost an election he did not put Canada into the position that he might have put it into had he followed the policies he almost indicated today we should follow.

I am glad we have a Minister of Agriculture today who is responsible, practical and who is also a free enterpriser.

Probably it would suit my hon. friends down in the far corner better to establish surpluses for which eventually they would have to provide controls and take over and tell the farmer whether he is going to produce soybeans or beef cattle, or whether he is going to produce seed corn or jersey cattle. I have heard them wax eloquent and I have read their manifestos over many years past. They do not believe in free enterprise and the farmer is the greatest free enterpriser in the world. If they can establish those unsound policies there is no need to have anything, Mr. Speaker, except totalitarian controls. If you are going to give the farmer more money than the product will bring on the world market and increase the world surplus, then there is nothing left to do but to curtail his acreage and get the control that they would expect to have over every industry, every enterprise and every vocation in Canada.

Mr. Stefura: Will the hon. member permit a question?

Mr. Rowe: Go ahead, if you wish.

Mr. Stefura: I should like to know what agricultural commodity is in a surplus position so far as the world is concerned?

Mr. Rowe: Since the question comes from the hon. member, I do not know why I should have to answer it.

Mr. Stefura: I did not hear that.

Mr. Hahn: I thought you were going to tell us.

Mr. Rowe: I thought you should know, that is why you asked me. I do know this. Many years ago, not only now, we had more wheat than we could sell in Canada. Before the hon. member was a member of the House of Commons I was a member here when the party that sits to Mr. Speaker's left left office and left every elevator in Canada bursting with unsold wheat in 1929, just as they left every lumber yard filled with lumber that had not been burned.

I have heard the former minister of agriculture wax eloquent about the Bennett buggies. I tell him that nobody built the Bennett buggies more than the Liberal regime that started in 1921 and ran to 1930. More big institutions were built in those years than ever before and the farmers of Canada were buying Danish bacon over the counters in Regina in the province of Saskatchewan to feed their own people. The minister was talking about mixed farming in those days. I have lived long enough, Mr. Speaker, to see, in the slang of the street, the chickens come home to roost.

I hear my hon. friends to your left, Mr. Speaker, harping about the fact that we might buy a few manufactured products. I have been in this house when I have heard them say that we should buy wherever we could get goods cheaper; that the only way we can sell our wheat and manufactured products is to have people buy our farm products. Well, they bought $1,400,000,000 worth of goods from the United States of America last year more than we sold them. How much wheat did you sell to them? How much bacon did you sell to them? How much cheese did you sell to them? People do not buy from us because we buy from them. They buy from us because they need our products. They buy our raw products because they have exhausted their raw products. We sell the wheat because they need our farm products. When I hear these gentlemen, Mr. Speaker, I wonder. I look over at the hon. member for Waterloo North (Mr. Schneider), and I wonder whether the old dusty scales of free trade have dropped off his eyes yet because I realize, Mr. Speaker, that he knows about the industries in that county, he knows that if he followed the policies of the Liberal party he would never have been elected, let alone re-elected to parliament.

The greatest market for agricultural products, Mr. Speaker, is the home market. I believe in free trade but I believe in fair trade. I believe in equalization of conditions. I believe that when we pay three times the wages that are paid in some other countries and our employees work only two-thirds of the time that should be taken into account when you sit down around a table rather than the theoretical and philosophical ideas we have from people over there in one breath and government control in another.

I am satisfied, Mr. Speaker, that the bill that is before the house at this time will do more to stabilize agricultural conditions than

anything in the past has done. I should like to give a word of encouragement to our new Minister of Agriculture. I believe, Mr. Speaker—I do not know yet; he has not told me; he may not tell me until after the next election—that the right hon. former minister of agriculture knows in his heart of hearts, as he is getting in the twilight of his career which has been an outstanding one, that the present minister is one of the finest ministers of agriculture this country has ever had. I believe his policy is sound. I am glad that he does not allow himself to be twisted or turned by the fantastic suggestions which are made by my hon. friends to the left.

Oh, I listened to the boys the other day. When they were not laughing they were jeering; when they were not jeering they were jibing, trying to knock this legislation. My hon. friends over there moved an amendment—you are not going to support it. If you support it it will be the climax of your folly:

That Bill No. 237 be not now read—

Mr. Knowles (Winnipeg North Centre): Apparently you have not read it.

Mr. Rowe: Oh, I have read it. While you were talking I was reading. Mr. Speaker, the hon. member for Winnipeg North Centre seems to have such ecclesiastical pride that he thinks nobody listens even when he is talking nonsense. He suggests:

That Bill No. 237 be not now read a second time but that the subject matter thereof be referred to the standing committee on agriculture and colonization.

As the great champion of parliamentary rights he knows, as the former minister of agriculture knows, that this does not mean giving the bill a six-months hoist but ending it entirely. I hope the farmers know that this great champion of the agricultural industry would know nothing about it.

Mr. Speaker: Order. The hon. member for Dufferin-Simcoe does not realize that time passes very quickly when he is on his feet. His time has expired.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, the hon. member who preceded me seemed to feel it wise that he should chide the hon. member for Winnipeg North Centre (Mr. Knowles) for taking up a great deal of the time of this house. I think it can be left to the judgment of the house and of the Canadian people as to which one of those two hon. members uses the time of this house more usefully. This evening the hon. member for Dufferin-Simcoe (Mr. Rowe), according to his own calculations, used up about $800 worth of time, and although he did provide us with some entertainment he certainly did not say anything about the bill. I will have to pass by most of what he said since it had nothing to do with the legislation before us, but I cannot resist the temptation to refer to at least one of his statements.

He made quite a thing of free enterprise. I think he should know from his wide experience in this house, and certainly the members of the party to which he belongs must know, that it was the leader of their own party, the first prime minister of Canada as a matter of fact, who struck a blow at free enterprise from which it has never recovered.

It was he who introduced the tariff system in this country. No member can stand up in this house and talk about free enterprise and at the same time endorse a tariff system such as we had in the days of the late R. B. Bennett, which practically ruined this country. It was the antithesis of free enterprise. Certainly it was the most damaging kind of control that could have been introduced.

However, this evening I should like to deal with the legislation which is before us. First of all, Mr. Speaker, I want to say that what we are doing now in debating this bill is a continuation of something which has become an historical struggle in this country that is the struggle of agriculture to obtain its fair share of the national income. This struggle has been going on for many, many years. I should like to pay tribute to the many members, particularly those from western Canada and not all of the same political persuasion, who have from time to time championed the cause of agriculture and have made some progress. I take some pride and satisfaction in the fact that if we go over the records containing the history of this question we will find that many of the leaders of the movement to which I belong, some of whom are no longer with us, took a very active and valuable part in continuing that struggle for a fair share of the national income for agriculture.

After all, that is the central and main issue. The government may make all the excuses they want to make, the government can try to pretend that they are changing this bill in any way they want, but the central issue and the issue which farm organizations are placing before this parliament is a fair share of the national income for agriculture. Unless the government faces this issue of whether or not this legislation is designed to, and will have the effect of, providing agriculture with a fair share of the national income, then I say they are not fulfilling the objectives for which farm organizations and various members of the House of Commons from the west have fought all during these years.

The hon. member for Dufferin-Simcoe repeated several times that the amendment now before us, which I seconded and support, would have the effect of killing the bill. He made a very obvious attempt to try to frighten the opposition with that statement. He knows, if he was in the house this morning, that the Minister of Agriculture (Mr. Harkness) has already killed the bill. The minister tried to drag in certain amendments in order to change the bill but ended up by saying that the bill would have to be redrafted. As a matter of fact, therefore, the original bill which came before the house has already met its demise at the hands of the Minister of Agriculture. I am glad my colleague, the hon. member for Moose Mountain (Mr. McCullough) moved the motion he did. We are trying to play fair with the farm organizations of this country. We are trying to keep faith with the people whom we represent. When I say "we" I mean not only the members in this group but the members who represent agriculture generally in this house.

During the election campaign the former government took a certain stand on agriculture. Whether that stand was the right one or the wrong one is not the question at issue at this time. I have my opinion on that and I have expressed it many times before. The former government took its stand on this question, and the three other opposition parties took an opposite stand. The Liberal government was not in favour of a parity price system. While I often disagree with the hon. member for Melville (Mr. Gardiner) I must express a certain amount of admiration for the fact that tonight he said substantially what he has been saying in this house for the last 22 years so far as agriculture is concerned. On the other hand, we had the Progressive Conservative party, the C.C.F. and the Social Credit who went out on the hustings in the last election and advocated parity prices for farm products. I am proud to be able to say that my colleagues in the C.C.F. are living up to that promise. We are keeping faith with our electors. I can give the same credit to my Social Credit friends. I cannot put any blame upon my Liberal friends because they took the opposite stand and are still taking the opposite stand. However, I cannot condone or forgive the attitude of the Conservative party or their leader who went out at election time and prate to the farmers about parity prices from one end of the country to the other. At that time every Conservative candidate seemed to know what parity prices meant and had no hesitation in talking about them. Today one of their elder members, a former minister in the second last Conservative government we had in this country, has the temerity to get up and say nobody knows what parity prices are. Let me say to him that if he does not know I would suggest he consult his own Prime Minister (Mr. Diefenbaker) because his own Prime Minister seemed to know a few months ago. I shall have occasion to refer to that again later.

I said that the historic fight of agriculture in this country has been an honourable one. The farmers of this country have never come to parliament asking for something which was not their due. If anything, they have been guilty of modesty. They have a perfect right to claim that agriculture is still the basic industry of Canada. It is still the backbone of our economy, and it is still an industry which, unless it prospers, is going to bring down with it all the rest of our economy. I shall give you, Mr. Speaker, five reasons why I believe agriculture has a good case for asking for its fair share of the national income.

First of all, agriculture is the only source of food and fibre in this country. This is true not only of this country, but the Canadian farm has been traditionally the breadbasket of the world. We will never forget—I am sure the members of the government do not forget—that in the first and second world wars—perhaps to a greater extent in the second world war—the farmers of Canada provided food enough not only to feed the population of this country but to send food to Great Britain, France and our allies. I believe that to a marked extent they were instrumental in helping to win that war.

Agriculture is the source, and the only source of food and fibre in this country, without which there could be nothing else. We can talk about our manufacturing industries, important as they may be, our processing industries, our professions and everything else, but without the food and fibre upon which mankind depends there could be none of these other good things of life. Secondly, agriculture is the basis for many of our secondary industries. I sometimes feel resentful when I hear people who are interested primarily in the secondary industries, manufacturing and processing treating agriculture as if it were something unimportant. They should realize that without agriculture probably anywhere from 40 to 50 per cent of our secondary industries would not exist because they are built around what is produced on the land. The people who find employment in these industries would have no income.

Thirdly, farming is a way of life; it is more than a way of making a living. Agriculture, traditionally and historically, has been a way

of life and one of the finest ways of life. Those of us who were fortunate enough to have been brought up on a farm realize that there are certain advantages in it. It is true there are certain disadvantages as well, but there are certain innate advantages in living close to the land. You get benefits there which you do not get anywhere else. It would be a good thing for this country if there were more people living on the land, getting the feel of the soil and living close to nature. I believe it would eliminate a great many of the problems we are facing in our lives today.

Fourth, agriculture is an important part of our national defence system. I have referred already to that in one context, but even at the present time, when we are in so-called peace, the role that Canada could play, whether through NATO or the United Nations or any other system of collective security, would be to guarantee a large and secure supply of food which could be made available in case of a world conflict. When we look at the matter from that point of view, how ridiculous and how petty is all this talk about this unmanageable surplus, about this huge world surplus. At what point does a surplus become unmanageable. I say to the Minister of Agriculture that it becomes unmanageable at the point when the leaders of the government have not the imagination to know how to manage it.

When you look at it in the context of the defence of the western world, you ask yourself what our best possible contribution would be. Do we have guided missiles? Do we have other armaments that amount to anything compared with the great military giants of the world? What would be our best contribution? It would be the secure availability of a food supply. If we had some real sense about this matter we would be providing a food bank on a national basis, to begin with, and integrating that bank with an international food bank which would be the greatest contribution any national defence scheme of this country could make to the world.

Fifth, another reason why agriculture deserves and has a perfect right to demand its fair share of the national income is that it is the one industry in which the Canadian people really excel. I do not think there is another nation in the world where, per man or per man hour or per man day, as much is produced in the way of food and fibre as is produced in Canada. In other words, we are the most efficient producers of food and fibre of any country in the world. We excel in that production. It is a matter of national pride. It is our national emblem. That is the one thing that we can do better than any other country in the world. We fall behind some other nations in the scientific field and we certainly cannot ever hope to compete in the military field. We may fall behind in some other fields. But there is no nation in the world that can out-produce Canada, man for man. Here is something in which we can take a feeling of national pride. Here is something we can do better than anyone else in the world. We should have the sincerity to back that feeling up with something more solid than this kind of trick bill which this minister is trying to pawn off on the farmers of Canada.

The whole objection of the members of the government, including the hon. member who preceded me, to the setting up of a parity price system is the matter of what it would cost the taxpayers. I have not heard of any valid reason which they produced other than that. Certainly it is not a matter of producing too much. The only argument they have used that is understandable is that it may cost the national treasury from time to time some money to maintain a system of support prices based on parity. However, none of them, including the Minister of Agriculture, has to date placed on the record any figures or any estimate whatsoever as to what it may cost the treasury of this country if we were to establish a system of price support based on parity over a period of years. Surely the officials of his department—and if he has not economists there he might borrow a few from the Minister of Finance (Mr. Fleming); there should be a supply in that department—should be able to sit down and give him at least a rough estimate of what may be the cost under various conditions to the treasury of this country.

A good reason why neither the Minister of Agriculture nor any other minister has produced such figures is this. If they did so, I think they or at least the people of Canada would find that this whole business of what it may cost the treasury has been grossly exaggerated out of all proportion. I think what he would find is this. The hon. member for Melville gave us a very good lead in this matter when he spoke today and when he made what I thought was the most important statement in his speech. He said that the market price for food products tends to gravitate to the floor price. That was an extremely important statement from an hon. member who for 22 years was Minister of Agriculture in this country. I want to repeat that statement. He said that the market price has a tendency to gravitate

to the floor price. In other words, when a floor price is set with the backing of the treasury and it becomes a national policy that that shall be the price for that particular commodity, that fact in itself—the very setting up of that floor price—has a strong tendency to bring the market price to that level.

The former minister of agriculture when he made that statement did not make it off the cuff. It was a well considered statement and he knew exactly what he was saying. If that is true—and I believe it is true—then the only way in which we can hope to bring the market price up to the parity level is to set a proper floor price to begin with. If we did that and if it did turn out that the market price did gravitate to the floor price, and if it stayed at that level, it would not cost the treasury of this country five cents to maintain this parity price system.

But suppose that, under certain conditions, the market price did not reach that particular level and it was necessary then, under a system of deficiency payments or subsidies or whatever term you want to use, to pay some money out of the treasury in order to subsidize certain food products. What would it cost? I have not the figures. I have not the facilities to be able to make even a rough guess. But whatever the sum of money may be—and I have a suspicion that it would be a great deal less than we are led to believe—the question arises: is it worth it? Is that industry important enough to Canada that we should be prepared to take a few million dollars or a few hundred million dollars, as the case may be, in order to subsidize certain food products.

Let me point out to the Minister of Agriculture that in the last ten years the people of Canada have paid approximately $4 billion in the form of duties as a result of our tariff structure. I am not asserting that the farmers of Canada have paid all that money, but the consumers of Canada have paid that amount of money, namely $4 billion, as a subsidy—indirectly, but it is still a subsidy—to the manufacturing industry of this country. They have paid $4 billion in the last ten years. That averages to $400 million a year. I am sure that a fraction of that amount—half of it or less—would be sufficient to cover any of the deficiency payments or any of the subsidies that may be required to maintain all our food products at the parity level. Is there any reason why the taxpayers and the consumers—because after all the taxpayers and the consumers in this country are one and the same people—should not contribute to agriculture a fraction of what they are contributing and have been contributing practically since Confederation to the manufacturing industry of this country. On that basis alone that money could be found.

But let us look at the matter from another point of view. Let us compare the value of our agricultural industry with some of the things we are doing for our so-called national defence. If a war were declared, or if we were in the misfortune of becoming involved in a world war within the next few days, instead of the approximately $2 billion which we are paying for national defence at the present time, it is quite likely that we would be paying anywhere from $5 billion to $6 billion or maybe $10 or $12 billion a year. No one knows where the limit may be. As a matter of fact, once we were in it there would be no limit. We would spend as much as would be necessary to maintain our war effort. We found that out in 1939, when the C.C.F. members of the house, as in 1936, 1937 and 1938, asked for a floor price. There was apprehension and we were told, if you do that the country will go bankrupt. Our whole budget in 1938 amounted to $600 million, including national defence. By the end of the war we were spending about $5 billion a year and the country was never in better economic shape than it was at that time.

That means that if the will is there the resources are there. We are capable of providing the money once this parliament makes up its mind that this is an industry which deserves that kind of support and which is going to get that as a matter of principle and as a matter of right.

We could stabilize and support a parity price system for our products for about the cost of one sputnik, half the cost of a D.E.W. line or about the cost of one fleet of modern jets. Now there is a comparison of what we could do for agriculture if we put our minds to it and if we decided it was just as important to this nation and to the world as these national defence armaments on which we are spending so much money.

Now I would like to say a word or two about the actual provisions of the bill itself. I think there are four points in particular to which the farmers of this country took strong exception when they saw the original bill. In the first place, in spite of what the Minister of Agriculture has said—in two speeches now—there is still no basis for parity in this bill. There is nothing in the bill he has introduced, which will include the amendments which he has proposed which provides a base for parity. The best one can say for the base that he is prepared to place under price supports, is that it will be something like 80 per cent of 80 per cent of the three poorest years the farmers ever had.

Secondly, there is no formula upon which such a base can be calculated. All of the power, all of the discretion is left to the Minister of Agriculture who is asking parliament for a blank cheque—

Mr. Browne (St. John's West): Mr. Speaker, on a point of order. My hon. friend is doubtless talking about the bill but should he not be talking about the amendment?

Mr. Zaplitny: Mr. Speaker, I do not think I need to comment on that. It is only a waste of time and I am sure the hon. member will find out for himself what are the rules of this house.

I was saying that in this bill the Minister of Agriculture is asking for a blank cheque. He is asking the people of Canada and the farmers of this country to agree that he should be the one to decide when there should be a certain price support or when he should place a certain commodity under a support. Is that not exactly what the farmers objected to most strenuously in the old legislation, the Agricultural Prices Support Act? That is one of the reasons why the Liberal administration was defeated, because the farmers had the feeling that the former administration or the former minister of agriculture was using the Agricultural Prices Support Act merely as a political instrument to play around with and for the purpose of influencing people before an election. I am surprised that the present Minister of Agriculture, who himself—and certainly his leader on many occasions in the past has done this—pointed out in rather vivid language in this house, and out of it, that very point which I have made, should now have fallen into exactly the same trap. He is asking this parliament to give him a blank cheque in order that he can fill in the figures a few days before the next election and then tear it up and throw it away the day after the election. That is exactly what he is asking for.

Thirdly, the so-called stabilization board which is provided for under the bill is given absolutely no power and therefore becomes meaningless. When one examines this bill one finds there are certain powers and duties provided for in the bill which the stabilization board "shall exercise" but another part of this bill states in plain language that the stabilization board shall do—and I am only paraphrasing it now—exactly what the Minister of Agriculture tells it to do. In other words, the members have no discretionary power of their own; they have no power whatsoever to administer the act without direction from the Minister of Agriculture. In other words he has decapitated the stabilization board even before he has established it. He has made it completely meaningless under the act.

Fourthly, and this is again one of the chief objections that the farmers had in relation to the Agricultural Prices Support Act, there is nothing in this bill whatsoever to guarantee that the producer shall receive the benefit of price supports that are put into this legislation. There are some pious expressions in the bill —most of them are put there as an afterthought either in the preamble or attached to some clause as a subsection—in which it is hoped that whoever gets the benefit of these price supports will pass them on to the producer, but there is nothing in the bill and there is nothing in the law which states that the producer is entitled to get a certain price support. There is nothing in the administration to say that the producer is entitled to a certain support on any commodity. There is nothing in this bill to indicate that the minister intends that the producer will get the benefit of even those support prices which may be found in the bill.

These are the chief weaknesses and this is the reason why we have received a storm of protests from organized agriculture since this bill came before the house. I can bring to the attention of the minister a whole sheaf of telegrams from various farm union locals, in addition to letters, which set out in no uncertain language what they think of this bill. As a matter of fact I want to give some advice to my colleagues, particularly from the province of Manitoba, who are of the Progressive Conservative party. It is somewhat along the lines of the advice I offered to my Liberal colleagues about a year ago when we were discussing the question of cash advances in this house. My colleagues from Manitoba who represented rural areas were not only not assisting us in trying to get cash advances, but were actually placing stumbling blocks before us. I gave them a friendly warning; I told them that if they did not change their tactics and if they did not get in on the side of the farmers there would not be one of them returned to this House of Commons after the election in 1957. Now they laughed at that; they thought it was a good joke and as a matter of fact they told me they would be here long after I was gone. Well, that is exactly what happened; not one Liberal member from Manitoba came back. The lonesome one who is here is a new member who could not be blamed for what took place before and he just squeezed in.

Now I am going to give that same advice to my Progressive Conservative friends. We have eight members from the province of Manitoba and most of them represent rural areas. Let me say to them that unless they get up on the floor of this house and put themselves solidly on the side of support

prices based on parity they will be taking the grave risk of facing the wrath of the electors in those constituencies and they may meet the same fate as was met by their Liberal opponents.

I think the farmers have now reached the stage where they will not stand for any more broken promises. They have been kidded for so many years and they have been fooled so many times by the previous administration that they are going to give this government just one chance. They are going to give them an opportunity to fulfil the promises which the Prime Minister made. Oh, when he went across this country what rolling phrases he used when he talked about parity prices. I can almost see him today! They are not going to forget that. He made a very vivid impression, perhaps too vivid for his own good, because he is going to live long in the memory of those farmers. As a matter of fact they seem to be remembering it right now.

I can remember an episode about a year and a half ago when the hon. member for Rosthern (Mr. Tucker) who was trying to defend the agricultural policy of his government on television became involved in a shot that was heard all across Canada. I am sure the gentleman who loosed that shot decided to vote Conservative and, after having voted Conservative in the last election and after having seen this bill, he decided to write a little verse. So that there can be no question of a point of order, Mr. Speaker, I will take full responsibility for this verse. It is entitled "A Farmer's Lament" and it goes like this:

A fair share of the nation's wealth
For food to guard the nation's health
The Tories promised they would give
If I would vote Conservative!

With eloquence and clarity
John spoke to us of parity
His soft soap was superlative
Who would not vote Conservative?

I did—and got the Harkness Bill
And there it is: a nasty pill
As full of loopholes as a sieve
For this I turned Conservative?

Well, this is it: This is the end
They've really gone around the bend
A hundred years if I should live
I'll never vote Conservative?

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, no doubt the minister realizes by this time that his predecessor in office may have had some uncomfortable times in dealing with the complex problems of agriculture. I did not speak on the resolution. I was one of those who over the period of the past six or seven weeks have been looking to the early introduction of the bill which is now before us. It was my hope that if the bill was going to do all it was expected to do, and all it was intended to do, for agriculture, it would be debated as soon as possible. I was prepared to forego any comment at the resolution stage in the hope, as I say, that an early implementation of its proposals would assist in solving some of the difficulties facing the agricultural industry. I did prepare some notes in readiness to take part in the debate on the resolution stage. Those notes were discarded. Then, on the introduction of the bill some further notes were prepared, but with the amendments the minister announced at the beginning of this sitting I thought I had better hear all the speeches from all parts of the house and then speak currently in case there might be further amendments before I had a chance to do so.

Mr. Speaker, we seem to be moving from precedent to precedent. First, we had a budget that was not a budget; then we had a ruling in this house that made a precedent as well, and now we have a bill that is not a bill. Nonetheless, I should like to congratulate the members of the farm organizations who have very effectively presented their thinking to the government and to hon. members in all parts of the house. This has resulted in changes being made to the bill, and I think the minister will be able to detect that further representations and requests will be made before the bill is passed in whatever form it may finally appear for approval.

This afternoon we heard the hon. member for Acadia (Mr. Quelch) say there was really no hurry about passing this bill because the government could do anything it might want to do under the bill now in effect, namely the Agricultural Prices Support Act, and that for this reason he thought his party would support the amendment which is before the house at this time.

I was always concerned about the provisions of the Agricultural Support Act, I think hon. members opposite will recall when I sat just further down on this side of the house—I have never sat on the other side of the house—I told the government of which I was a supporter that there were some problems with regard to agriculture, and I did make some recommendations to the previous government, so anything I say at this time will not be different from what I said on previous occasions.

We have heard a great deal said today about flexible prices, parity prices and so on. I should just like to refer to the remarks which were made by the Prime Minister

(Mr. Diefenbaker) on one occasion. I cannot find the exact quotation at the moment, but the Prime Minister's words were reported in the Ottawa *Journal*. He was speaking about what proposals the new administration would make for agriculture and his remarks contained reference to three proposals. One was that they would restore the markets for farm products, the second was that they would provide security, and the third that they would give assurance to the farmers, and all of this would be based on the relationship between the cost of the things the farmer had to buy and the price at which he had to sell.

Now, I should like to refer to three words in that reference, the word "restore", the word "guarantee" and the word "assure". It was very interesting to hear the hon. member for Dufferin-Simcoe (Mr. Rowe) speak, because always when he spoke in this house on previous occasions he spoke about our lost markets in the United Kingdom. Well, he did not go so far tonight, I am sure everyone will agree on that. I was able to get some figures as to the price at which beef is being provided to the United Kingdom at this time by Australia—hind quarters, grade A, $17.60. Everyone knows that live beef is selling in this country at that price and higher, so it would be impossible for Canadian producers, unless the government was prepared to subsidize the production of beef very substantially, to recapture this market which we have been accused of losing. Again, I notice that Denmark is supplying bacon to the United Kingdom at 33 cents a pound, and I think everyone knows that the price of bacon in this country is a great deal higher than that, so again it would have to be subsidization at a level which few people in this country would be prepared to accept. But this phrase about recapturing lost markets was a good phrase to go around the country with, and I think it was quite effective. Nonetheless it was not one which had a real practical application.

The other word I referred to was "security". I listened when the Minister of Agriculture was presenting the resolution preceding this bill and I recall a reference he made to butter which was put forward as a very simple example on the basis of which he hoped everyone would understand the intent, proposal and formula of this bill. With regard to butter, he said, we would take an easy figure of 60 cents, and he added: we will assure the Canadian people that the price will not fall below 80 per cent of that figure, namely 48 cents.

Mr. Harkness: I said that the guaranteed price would be better than 60 cents.

Mr. Gardiner: You said what he said too.

Mr. Huffman: I also recall that the minister said this as well: you take the base period and you can fix a price at 105 per cent of the base, or 120 per cent of the base but that the assured price would not be less.

Mr. Harkness: That is not assured price, that is the absolute mandatory floor which is always there under the legislation. It is not the price set for a year ahead.

Mr. Huffman: You said the guaranteed price would not be less than 80 per cent.

Mr. Harkness: No, that is not the guaranteed price. That is the mandatory floor price.

Mr. Huffman: The minister in his own words mentioned 120 per cent. That was the figure he used as a maximum.

Mr. Harkness: No, I did not. I said it could be anything.

Mr. Huffman: You said it could be 120 per cent or it could be this other figure.

Mr. Harkness: That was used as an illustration. I did not say it was the maximum.

Mr. Huffman: All right, we will take your illustration but there was a difference of 40 per cent between your illustration of 120 per cent on the one hand and 80 per cent on the other hand. I cannot see where the people of Canada could believe that there will be a great deal of security with a fluctuation of 40 per cent in the commodity that the minister used by way of example. I was only using the example the minister used so I thought I would be perfectly safe in so doing.

Mr. Harkness: On the contrary you are trying to misrepresent the figures. You are attempting to convey the impression that the 80 per cent mandatory floor price was all that there was.

Mr. Alexis Caron (Hull): Mr. Speaker, I am rising on a point of order. Since the beginning of this debate the minister has been interrupting and talking out of turn. I believe he should remain in his seat and wait until his turn comes again.

Mr. Speaker: Order. That is correct. The minister should not interrupt.

Mr. Harkness: I have been doing very little interrupting but I have often been strongly tempted.

Mr. Huffman: If the statement I have made concerning my understanding of the minister's statement can be so misunderstood in

this house then I can only conclude that his statement will be misunderstood outside the house as well.

Mr. Pickersgill: And is.

Mr. Huffman: Another point to which I wish to refer might also cause some misunderstanding. This afternoon the former minister of agriculture indicated that there were candidates in the last election who went about advocating 100 per cent of parity and he referred to an advertisement that appeared in the Chatham *Daily News* on June 5. This was a rather difficult campaign in which to be engaged because this advertisement contains the following words:

Farmers Income:

Grains	Down 30 per cent
Beef Cattle	Down 40 per cent
Chickens	Down 33 per cent
Turkeys	Down 30 per cent
Eggs	Down 35 per cent

It then goes on to say:

Mr. Consumer says:
"Our cost of living continues to rise with lower farm prices."
What is the answer?
John Diefenbaker and Albert Jolley say 100 per cent parity support prices.

Anybody with $1,000 worth of any of the commodities listed in that advertisement would assume from this wording that instead of receiving $1,000 for their commodities they could expect to receive $1,400 under a Conservative administration and so on all down the list of the commodities as indicated. What has been the effect of this kind of advertisement? The Conservative government came to office and has proceeded to introduce certain measures but there has also been introduced a certain unfortunate attitude expressed in words such as those which can be found at page 2405 of *Hansard* of December 14 and on other occasions. On December 14 the hon. member for Bow River (Mr. Johnston) was speaking and reminding the government of what had been said in the way of promises by Conservative candidates in the election campaign. An unidentified hon. member is reported on this occasion as saying:

It worked did it not?

On the occasion when the hon. member for Coast-Capilano (Mr. Sinclair) was speaking about the budget proposals brought in by the Minister of Finance (Mr. Fleming) and concerning the Conservative charge to the effect that there had been overtaxation to the extent of $500 million an hon. member also said, "It worked". I feel that is an unfortunate attitude that has permeated this house. I found it was difficult to combat policies and promises in the election campaign such as those stated in print in the press of this country. The principle of 100 per cent of parity must have been the view of Conservative candidates and I presume as a result of advertisements of this kind many people felt that the policy of the present government would be for 100 per cent of parity.

Shortly after the present government took office information came to us that many people were coming to Ottawa to make representations to the government on behalf of the agricultural industry to the effect that something should be done immediately for this industry. It was reported in the press that the government did not plan to do anything at the present time because it would not do it by order in council. I know that some of the things that have been done since that time for the agricultural industry must have been done by order in council. If the orders in council are properly presented to the people of this country they will be able to assess whether or not it was in the best interests of this country to do what was done by order in council. I know every government must pass orders in council from time to time.

There is one other thing that disturbs me. If the government places a floor of 120 per cent of the base price and the floor is above the price in a country that has such commodities to export, what will the government do to prevent supporting a foreign commodity. If the government uses the export-import regulations indiscriminately many people will ask where this will lead us. An article published in the *Family Herald* of October 3, 1957 entitled "Canadian Farmers Must Still Export" contains some interesting figures. I note that in 1956 Canada exported $1,009 million of agricultural products but in the same period we imported $690 million of agricultural products. Of that $690 million of imports $335 million were commodities not obtainable in Canada. I think it is clear that we are bound to export many of the agricultural commodities that we produce. Our export of agricultural products amounts to approximately 25 per cent of our total exports. I hope that when the government is considering all the implications of this bill as it presently stands it will take into account all that is involved in the export and import of our agricultural commodities.

In this morning's *Globe and Mail* there appeared a headline reading, "Ontario Plans to Give Up Farm Marketing Controls". I know that that headline will certainly cause a great deal of concern among those who over the years have developed what has been a sound basis for selling commodities

that are produced within a province and those products are sold in all the provinces of Canada or outside of Canada.

The article refers to too much pressure. I do not know whether it is right to assume that if too much pressure is exercised on a government, that government will abandon the legislation and turn all the problems over to the farm organizations. If that is so, then I am convinced that it would be a retrograde step for any government to take because so much goes into interprovincial and export trade. I think we should do everything we can to try to maintain the best relationships between governments and the agricultural industry. Since we export so much, I think there is every good reason why the government should be concerned with the problems of the industry.

The agricultural problem is not an insoluble one. It is necessary for every hon. member, no matter where he sits in this house, to work toward a solution that will bring stability to a worthy occupation, one that has contributed a great deal to Canada. The whole economic structure of Canada is moving toward a specific goal, namely that of security. We have social services: we have retirement pension plans and hospitalization proposals. The primary producers, whatever their line of production, are moving toward the same goal. The minister has asked for an early adoption of this bill. Since we have waited this long, let us examine the bill thoroughly so that there will be no misunderstanding before the bill passes or after it is passed.

Mr. J. W. Baskin (Renfrew South): Mr. Speaker, I rise for the first time to address this house and to take part in this extremely important debate. May I first of all congratulate you, sir, upon your election to the high office of Speaker of this house. I would like to join with those who have extended congratulations to my colleague, the hon. member for Calgary South (Mr. Smith), who so ably moved the address in reply to the speech from the throne and also to my seatmate, the hon. member for Bonaventure (Mr. Arsenault), who so ably seconded the address.

The legislation before us, Mr. Speaker, is a matter of great interest to the rural people of Canada, the people who are the backbone of this country. The farm voters on June 10 went on record across our country as supporting this government and its election promise to establish a firm but flexible price support program for farm products. Failure of rigid or fixed price supports has already been experienced in the United States of America. Surely we can benefit from the mistakes of our United States neighbours and avoid the pitfalls of rigid price-fixing as advocated by some hon. members in the opposition party.

As recently as the 12th day of this month 2,000 American farm men and women gathered in Chicago and discussed their farm problems. Their chosen leader, President Charles B. Shuman, of the American farm bureau federation, representing a farm organization of 1,500,000 farm families, was reported by the *Christian Science Monitor* correspondent as follows:

> As talking the way most farmers like to hear a man talk, soundly, and without resorting to emotional appeal, relying on what they call common sense.

He urged a conservative approach to the problem of farm surpluses. President Shuman said in part:

> Change in agriculture is inevitable and continuous. Government policies should be such as to facilitate rather than retard the needed changes in production and marketing practices.
>
> Price fixing and acreage controls have encouraged farmers to find ways of expanding output of farm commodities beyond market needs instead of making adjustments in production.

Farther on in his address he offered a seven-point program designed to end government purchases of farm commodities and to take steps to liquidate present holdings. He advocated—and I emphasize this—the use of price supports only as a floor and not as a price fixing device. Here we have the advice of a top farm leader, Mr. Speaker, a genuine farmer and a highly qualified agronomist and economist, who states that a fixed price farm program is not the answer.

This bill now before the house provides a sound and flexible price support program. And, of course, Mr. Speaker, although agricultural production does not play as great a part in our national economy as it did a number of years ago, nevertheless it is still a fact that there is no sound prosperity in Canada when the rural areas are depressed.

The problem that I want to bring to the attention of the house is a general one to many farmers in my constituency of Renfrew South, and to farmers generally in eastern Canada. Therefore, my riding is no exception. However, Renfrew South, which I represent, is the riding I know best. In this great constituency are located many splendid and excellent dairy farms, also numerous and good mixed farming activities. I am strongly in support of the effort that is being made through this bill by our government and presented by our capable Minister of Agriculture (Mr. Harkness). I am confident that the proposed measure will give much needed stability to the livestock and dairy production industry, as well as to fruits and vegetables and other

products which are perhaps the basic features of a sound agricultural economy. However, Mr. Speaker, I think I am in order in drawing to the attention of this house, and more especially to the Minister of Agriculture, a somewhat forgotten branch of our great agricultural industry.

The older residents of my riding will recall with no small degree of pride the great native forest wealth of our picturesque Ottawa valley, the great white pines that meant so much in the early development of this country as they were shipped in great volume to Great Britain and to other countries beyond the seas. These facts are only a pleasant memory today. I might add, however, that we still have, even though more limited, high quality white pine and other species of timber. This, Mr. Speaker, does not exactly involve what I wanted to bring to the attention of the department, but many may have overlooked the fact that a rich forest area does not always necessarily mean that a rich agricultural area should follow. The nature of the soil, the rigours of the climate that affect successful forestry are not always conducive to equally successful agriculture. Nevertheless I know many enterprising farmers who amaze me with their unique genius for making marginal soils produce and who supplement their income by cutting pulpwood off the balance of their farm. They look upon their wood lot as just another field, and with long-range policy anticipate a reasonable income for generations yet to come.

Indeed, we are a very young country. However, we are at least old enough to learn that in countries such as Sweden and Norway, where by sound management, similar incomes from forestry production have been perpetuated for 500 years on farms that have been providing livestock and other food products for their people and still providing wood fibre from parts of their farms. In Sweden, for instance, one is almost ostracized from society if he harvests this great product of the soil in a manner that would jeopardize the chances of future generations benefiting from this great heritage.

The annual harvest of a pulpwood crop will not be of much interest to our many prairie friends. I suggest to my sincere wheat growers from western Canada, however, that while we in Renfrew South can grow some wheat and we are interested in the great problems of wheat sales, and while it may take a few months to grow a crop of wheat on your soil, it takes our people up to 60 years to grow a crop of trees suitable for pulpwood. We in Renfrew South love our trees; indeed, they are part of our national pride. May I suggest to the Minister of Agriculture that while I am supporting this bill 100 per cent I should like to see consideration given in the future to the many farmers who annually depend on a reasonable sale price for this great agricultural crop of pulpwood.

Mr. Speaker, I and my family have been in the lumber business for many years. I feel I know the problems of the farmers who produce pulpwood. I can remember as a young boy accompanying my father and learning firsthand the problems of those for whom I speak. In many cases their farms are located on the back concessions of townships throughout the various constituencies in eastern Canada. They are the people who live in little houses away in off the roads. I learned at an early age that their problems are as real, and as important, as their neighbours' living in the rich farming belts. I realize also the importance of pulp companies securing their raw products at a reasonable price. However, I do not believe that when consideration is being given that is long overdue to the price structure of farm products, that a careful consideration and indeed a thorough investigation should be made at this time and initiated by the Department of Agriculture to ascertain why our farmers to whom I have referred should be forced to sell this valuable soil production so often at less than half what the companies pay for pulpwood cut from crown lands. The company's cost includes ground rent, fire tax and crown dues paid to our respective provincial governments. The government of Canada derives great revenues from the pulp and paper industry. Over 80 per cent of the pulpwood produced each year in Canada is produced in the provinces of Ontario, Quebec and the maritimes.

Farmers generally, on whose behalf I speak, have supplied to that industry during the year just past over two million cords of pulpwood at ridiculously low prices; indeed, at almost one-half the price paid by the companies for wood coming from their own limits. In spite of this, the cash income for forest products sold off farms in Canada in 1952 was over $87,464,000; in 1953, $83,637,000; in 1954, $83,336,000. Figures for 1955 and 1956 are not available. This has brought into our national economy about $130 million of United States capital.

Mr. Speaker: Order. Does the hon. member suggest that pulpwood comes under the bill? I have been looking at the bill, and while it might be called an agricultural product, I was wondering whether or not he did consider the bill related to pulpwood.

Mr. Baskin: Yes.

Mr. Rowe: On a point of order, I would suggest that it is grown from the soil. In many districts in Canada it is part of the crop on marginal farms. Many farmers in the provinces of Ontario and Quebec make more money out of pulpwood than they do from their dairy herds.

Mr. Speaker: I did not want to divert the hon. member because it is his maiden speech, but it is approximately ten o'clock, and I thought he might consider that point before he resumes.

Mr. Baskin: I can finish in about two more minutes. Much of this has gone to the national revenue of Canada, and 75 per cent of it has gone to workmen other than farmers.

Mr. Johnston (Bow River): Just hand it to the *Hansard* reporter and he will put it on the record.

Mr. Baskin: You will not be here next time to give anything to the *Hansard* reporter. Indirectly, this forgotten branch of Canadian farmland production has contributed much to the economy of this great country. Mr. Speaker, I shall not burden you longer but I must say that we have had a change in government. I know we have had a change of heart. Canada now has a government that is vitally concerned with the problems of the ordinary citizen, and has shown its determination to help him. I know that the minister, realizing these facts, will give some thought and consideration to this little publicized phase of agriculture which is so important and so vital, not only to my own constituency but to many others throughout this land. I know this is a government that is striving, and will continue to strive, to give a square deal to all.

May I call it ten o'clock, Mr. Speaker?

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

Some hon. Members: No, no.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the government leader what is the business for tomorrow?

Mr. Green: Tomorrow we shall commence with the estimates of the Department of National Health and Welfare; then, take the estimates of the Department of Justice; then, national revenue and then trade and commerce.

Mr. Chevrier: I wonder if the leader would not give some indication this evening as to what the business of the house is likely to be when we reconvene.

Mr. Green: When we meet again on January 3 we shall start with interim supply and then go into the estimates of the departments of national defence and finance.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

TAXICAB CONCESSIONS, EDMONTON

Question No. 173—**Mr. Holowach:**

1. Have contracts been signed with regard to taxicab concessions at the Canadian National Railways depot and Macdonald hotel, in Edmonton, Alberta?
2. If so, with whom and for what duration of time?
3. Were these awarded by way of public tender?
4. If not, on what basis are such contracts or concessions established?
5. Are there any restrictions regarding the pick-up and unloading of passengers by other taxicab companies?
6. If so, what restrictions prevail?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

The management of the Canadian National Railways advise as follows:—

1. Yes.

2. Yellow Cab Limited and Checker Taxicab Limited. Duration at pleasure.

3. See answer to No. 4.

4. With respect to the hotel, an agreement was originally entered into with the Twin City Transfer Company in 1915, and so far as the station is concerned, an agreement with the same party was entered into in 1922. It is not known whether public tenders were called at that time. In each case agreement has been carried on by the successor company.

5. Any taxicab which has been hired by a passenger or prospective passenger is permitted to load or discharge its passengers at the station or hotel.

6. See answer to No. 5.

C.N.R. PROPERTY, INNER HARBOUR, VICTORIA, B.C.

Question No. 223—**Mr. McPhillips:**

1. Did Canadian National Railways sell or otherwise dispose of its wharves and adjacent property (originally property of the Grand Trunk Pacific) in the inner harbour of Victoria, British Columbia?
2. If so, at what date was the disposition made, to whom and at what consideration?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

The management of Canadian National Railways advise as follows:

1. Yes.

2. The property was sold to Evans, Coleman and Johnson Bros. Ltd., in 1947. It is not the policy of the company to divulge details of such sales.

STOBIE RAILWAY SPUR LINE, SUDBURY

Question No. 246—**Mr. Mitchell:**

1. Have any representations been received by the Minister of Transport with regard to the removal of the Stobie railway spur line running through the centre of the city of Sudbury?
2. If so, from whom?
3. What has been done to carry out such representations?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1, 2 and 3. No, but a letter dated February 26, 1957, was received by the former minister of transport from the deputy clerk of the city of Sudbury quoting a resolution passed by the city council regarding the Stobie spur line. This letter was referred to the board of transport commissioners. The board forwarded a copy of the resolution to the Canadian Pacific Railway Company and in transmitting to the city under date of April 8 the observations of the company, the board indicated that no further action would be taken until further submissions were received from the city. On July 23 the city requested that a representative of the board visit Sudbury. The board's reply of July 30 outlined the history of the case, which goes back to 1950, and concluded as follows:

"There would seem to be no point in having an engineer of the board go to Sudbury on this matter if the city is not willing to put in writing their comments with respect to the reasons given by the Canadian Pacific Railway Company for keeping the spur line where it is. After the city has presented its case fully and if it is then found that there are engineering questions needing clarification, arrangements will be made for an inspection by the board's engineer."

RAILWAY BRANCH LINE, MINTON-BIG BEAVER, SASK.

Question No. 260—**Mr. McCullough:**

1. What consideration has been given by the government to the completion of the Minton-Big Beaver rail line in southern Saskatchewan?
2. Will the government give consideration to a subsidy on this branch line?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1. This matter has not been considered by the government because Minton and Big Beaver are served by the Canadian Pacific Railway Company and consequently the completion of a line between these two points would be a question for consideration by that company.

2. In the circumstances as set out in the answer to part 1, the government is not considering the question of a subsidy.

MIRAMICHI RIVER BRIDGE

Question No. 286—**Mr. McWilliam:**

1. During the past two months did the Minister of Transport receive representations from the

Questions

Chatham, New Brunswick, board of trade, in connection with the highway traffic problem and proposed construction of a highway bridge across the Miramichi river at Chatham?

2. If so, did the minister reply to such representations, and what was the nature of the reply?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

1. Yes, a telegram was received from the board of trade.

2. The following reply was sent:

"Your telegram November 29 requesting survey traffic conditions relative to need for a bridge at Chatham have spoken to several of my officials and must advise cannot find any indication the proposed bridge would be a federal government responsibility. The bridge would be within province of New Brunswick and consequently I would suggest your representations be addressed to the province."

UNEMPLOYMENT, QUEBEC, NOVEMBER 1956 AND 1957

Question No. 291—**Mr. LaCroix:**

1. How many persons were unemployed at the end of November, 1956, and at the end of November, 1957, in the Quebec district?

2. How many persons, according to the dominion bureau of statistics, were unemployed at the end of November, 1956, and at the end of November, 1957, for the Quebec district?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. The number of persons registered for employment at the Quebec city office of the unemployment insurance commission on the specified dates were as follows:

November 29, 1956	7,650
November 28, 1957	9,997

2. Unemployment data for the Quebec city district are not available from the monthly labour force survey conducted by the dominion bureau of statistics.

HOUSE OF COMMONS

Saturday, December 21, 1957

The house met at eleven o'clock.

LIVESTOCK

ANNOUNCEMENT OF LEGISLATION RESPECTING HUMANE METHODS OF SLAUGHTER

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, later this morning I shall be introducing a bill to amend the Criminal Code with regard to the humane slaughtering of food animals. It is the intention to give this bill first reading only and I should like to make a statement now to advise the house of our plans.

For some time there has been a growing demand for action that would compel the slaughterers of food animals to adopt a humane method of killing. The concern has been mainly that these animals are subjected to shackling, hoisting, bleeding, or other processes connected with slaughtering while they are still fully conscious. Special humane slaughter associations have been formed and these, together with the various branches of the Society for the Prevention of Cruelty to Animals, have spearheaded the drive for legislation to make humane methods of slaughter mandatory.

The previous government took the position that no further legislation was necessary; that the present section 387 of the Criminal Code makes it an offence to cause unnecessary pain and suffering to an animal, and that all that was required was enforcement of this legislation. However, a test case involving the usual slaughter methods in an abattoir came before a magistrate in Vancouver this fall and was dismissed. The decision was appealed, but the appeal was also dismissed. This demonstrated pretty conclusively that something more is required, and we are prepared to act accordingly.

There are difficulties in this field which all have recognized. There are questions as to what type of action or legislation is called for by the government, and at what level of government, and whether a method or methods of humane slaughter exist which it would be sound, from a practical and economic point of view, to require the slaughterers to follow.

A special committee was formed in the province of Ontario to study these problems, including representatives from the meat packers' council of Canada and the Ontario S.P.C.A. The government made available two of its experts in the field, and more recently the national research council has joined in a full-scale investigation program.

The government welcomed the formation of this committee and looked forward to its advice. We were concerned to avoid action which would produce legislation which would either be simply unenforced and unenforceable or, alternatively, if enforced would simply result in driving a number of packers out of business. At the suggestion of the committee action was accordingly deferred until they might have an opportunity to report.

An interim report was received from the committee on October 31, and on November 13 my colleague the Minister of Agriculture and I, together with our parliamentary assistants and departmental officers, met with the joint chairmen and other representatives of the committee.

At that meeting we were advised that while no complete solution to the problem of method so far as hogs and sheep are concerned had been agreed upon as being immediately practicable for universal action in Canada, nevertheless such methods do exist. We were also advised that there was agreement that humane methods of slaughter of cattle could immediately be enforced. It was also clear that the committee felt that action by government is essential.

The committee is to continue its study on the same basis as before, with the full assistance of the government experts and the national research council. In this connection I find that I must make a correction in a statement I made on December 10. It was my understanding as a result of that meeting, that the S.P.C.A. representatives felt there was nothing further they could usefully do, having made clear their views as to the necessity for legislation. I am glad to find that they are continuing as members of the committee, and that the committee is functioning fully.

There is, then, general agreement that humane methods of slaughter exist and can be made applicable in Canada although there are still some problems to be solved. In considering our course of action we have had to bear the following factors in mind. First,

that there is a measure of divided responsibility, and that in any criminal legislation to be introduced we must bear in mind that the responsibility for enforcement rests with the provinces. Second, that hasty action on the part of the government might force out of business abattoirs and packing plants and could result in a shortage of such commodities as bacon, etc. Third, that impracticable or unenforceable legislation does more harm than good. Fourth, that the provinces have an interest in the matter especially from the point of view of enforcement, and therefore should be consulted.

We have accordingly drafted a bill which we believe to be practical and enforceable, first reading of which I shall be moving in a few moments. It is not the intention to proceed further with the bill at this session, but to make it available to all interested persons, including especially the attorneys general of the provinces. We shall welcome their views and suggestions as to the legislation, and also the views and suggestions of the packers and all those interested or involved in this problem.

All representations received will then be studied, and we shall be prepared to make such changes in the legislation as appear desirable in the light of those studies. After making such changes as are necessary we would propose to reintroduce and enact the legislation at the next session of parliament.

In this way we will hope to have sound legislation which will produce the desired result with a minimum of hardship and a maximum of co-operation.

CRIMINAL CODE

AMENDMENT RESPECTING HUMANE SLAUGHTER OF ANIMALS

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill No. 241, to amend the Criminal Code (slaughtering of animals).

Mr. Herridge: I congratulate the government on accepting the C.C.F. approach.

Motion agreed to and bill read the first time.

POWER

ATLANTIC PROVINCES—LEGISLATION RESPECTING THERMAL PROJECTS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy, and including provisions for the payment of a subvention on coal used in the production of electric energy.

Motion agreed to.

LABOUR CONDITIONS

FURTHER STATEMENT ON WINTER EMPLOYMENT PROJECTS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre asked why the work program announced by the Canadian National Railways did not include some special projects for Fort Rouge and Transcona.

The car equipment program that is being undertaken by the Canadian National Railways is the conversion of damaged or obsolete cars into extra gang feeding cars, bunk cars, and so forth. This work can only be done in regularly equipped car shops. In the case of Fort Rouge, as the hon. member knows, the car shops at that point were destroyed by fire two years ago. With regard to Transcona, a special work program on hopper and general service cars is already under way there.

I might advise the house that I have asked the management of the Canadian National Railways to make a careful review of possible work projects that might be put into effect at other points on the system, and they have assured me they will do so.

Also, yesterday the hon. member for St. Antoine-Westmount inquired if it is the intention of the railway to proceed more rapidly with the work at Cote de Liesse and other points in the Montreal area.

As he knows, a contract has been let for grading at Cote de Liesse, and the management advise me that this work is well in hand and they do not think it could be further expedited. With regard to other points in the Montreal area, as I have just mentioned in reply to the hon. member for Winnipeg North Centre, the management have indicated they will give earnest consideration to expanding the work program wherever that is possible.

The hon. member for Essex East asked yesterday if the work program planned for Windsor airport could be expedited. Certain additional runway work is contemplated for the airport next year, and my officials are presently reviewing the project to see whether a start could be made this winter. The problem is one of getting the engineering

plans ready, and every effort will be made to expedite the project, although it is not yet possible to say exactly how soon tenders may be called.

AIRPORTS

GANDER—FEDERAL ASSISTANCE TO HOSPITAL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I might address a question to the Minister of Transport. I wonder if in view of the unique national importance of Gander airport his department is still giving consideration to the possibility of federal assistance to the hospital at Gander, which consideration was begun by the previous administration.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I answered that question some time earlier this year—

Mr. Pickersgill: I do not think it was that question.

Mr. Hees: —and the hospital at Gander is, I am told, the responsibility of the provincial government.

Mr. Pickersgill: Perhaps I could remind the hon. gentleman—

Some hon. Members: Order.

Mr. Pickersgill: Well, perhaps I should ask the hon. gentleman if he has not found on consulting the files that the previous administration did consider the possibility of federal assistance, and that no final decision was made about it.

Mr. Hees: It is my information that no decision was taken by the previous administration to give the assistance for which the hon. member is asking.

Mr. Pickersgill: That is precisely what I said; it was still under consideration.

Mr. Hees: Mr. Speaker, I am told by my department that the previous administration did not agree to give the assistance. The hon. member is now asking the present government to do something which the previous government did not do.

Mr. Pickersgill: Perhaps I could clarify that—

Some hon. Members: Order.

Mr. Speaker: Order. It is not in order to make clarifying statements at this stage of the day.

DEER LAKE, NFLD.—FURTHER CONSTRUCTION ON AIR STRIP

On the orders of the day:

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, may I direct a question to the Minister of Transport. Is the minister in a position to give any information regarding what provision has been made for further construction on the air strip at Deer Lake in the province of Newfoundland?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I wish to thank the hon. member for advising me some time ago of his intention to ask this question.

There was an agreement in principle, I believe, with the provincial government of Newfoundland about a sharing of costs in certain further development at the Deer Lake air strip, but the provincial government was not able to provide funds for this purpose in 1957. We remain ready to discuss further development with them at any time.

TRADE

GATT—PROPOSED INCREASE IN DUTY ON FRUITS AND VEGETABLES

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Finance, and in his absence to the Minister of Trade and Commerce. Can the minister inform the house as to what action was taken or what conclusions were reached at GATT in respect to the proposed increase in duties on fruits and vegetables?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker.

Mr. Marler: Very informative.

Mr. McMillan: Mr. Speaker, I should like to direct a supplementary question to the Minister of Trade and Commerce. Will he inform the house whether the meetings of GATT have been concluded for this year, and whether the duties on fruits and vegetables coming into Canada were discussed at those meetings?

Mr. Speaker: I think that question might properly be put on the order paper. It does not seem to me to be one of urgency.

MISSION TO UNITED KINGDOM—PURCHASE OF HYDRO EQUIPMENT

On the orders of the day:

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. He may take it as notice if he wishes, because I realize he has not been back in his office long

enough to have answered all his fan mail. I wonder if the minister has received any letters of protest from Welland, St. Catharines, Hamilton or Peterborough pursuant to the $10 million purchase of hydro equipment in the United Kingdom and, if so, would he table those letters?

Hon. Gordon Churchill (Minister of Trade and Commerce): Concerning the $10 million purchase of what?

Mr. Houck: Hydro equipment.

Mr. Churchill: Mr. Speaker, I have not received any letters of protest with regard to that matter, but again I have not checked all my mail.

GRAIN

CASH ADVANCES ON FARM-STORED GRAIN

On the orders of the day:

Mr. W. A. Tucker (Rosthern): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Could he tell the house the amount that has been advanced to farmers under the cash advance plan?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker. As of December 18, 1957, the total of the advances was $22,281,361. The total amount refunded to date is $408,836. This leaves a total advance outstanding of $21,872,525.

Mr. Tucker: Could I ask a supplementary question, Mr. Speaker. Does the minister have that broken down by provinces?

Mr. Churchill: Yes, Mr. Speaker, I have. The figures by provinces are as follows:

Province	Number of applications	Total amount advanced	Total amount refunded
Manitoba	7,597	$ 4,942,911	$127,042
Saskatchewan ..	17,758	13,866,410	246,838
Alberta	5,187	3,472,040	34,956

COMBINES INVESTIGATION ACT

CIGARETTES—INQUIRY AS TO LOSS LEADER SELLING

On the orders of the day:

Mr. R. M. T. McDonald (Hamilton South): Mr. Speaker, I should like to direct a question to the Minister of Justice. Can the minister say whether the combines branch has recently received complaints about the loss leader selling of cigarettes and, if so, what is being done about it?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, although it is ordinarily not the practice to disclose whether inquiries are going on in any particular trade or industry unless and until a report is made and published, nevertheless since no particular part of the business community is identified in the question just asked I can say that the combines branch has lately received a considerable number of complaints about the loss leader selling of cigarettes with injurious effects on small businesses. Inquiries are accordingly being pursued under section 412 of the Criminal Code. This section provides in part that it is an offence to engage in a policy of selling goods at prices unreasonably low, having or designed to have the effect of substantially lessening competition or eliminating a competitor. The inquiry will be pursued vigorously.

DISABLED PERSONS

STATEMENT ON AMENDMENT OF REGULATIONS UNDER ACT

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre asked me whether or not the regulations pertaining to the Disabled Persons Act had been amended since the revision of this measure at the current session of parliament.

In answer, I would inform the hon. member that a number of changes had to be made in the disability allowance regulations consequent upon the amendments to the act approved by parliament last month. For example, changes in the legislation with respect to the eligibility of certain patients in certain types of institutions require some follow-up by way of alterations in the regulations covering this same matter. These changes are under consideration at the present time, and when drafts are ready the provincial authorities will be consulted with regard to them. As soon as there is general agreement on the text of proposed changes in the regulations these will be put forward for approval by the governor in council. I expect that this will be done early in the new year.

I might add, Mr. Speaker, that I have not forgotten the undertaking I gave at the time of the debate on the Disabled Persons Act to carry out a comprehensive review of the regulations as soon as possible. For reasons which the hon. member will, I am sure, appreciate, I have not yet been able to complete this task, but I shall follow up what I said during the debate at the earliest possible opportunity.

BUSINESS OF THE HOUSE

CALLING OF WITNESSES BY EXTERNAL AFFAIRS COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister. As I look at

the list of the cabinet ministers, according to precedence I gather that my good friend the Minister of Veterans Affairs is at the moment the Acting Prime Minister in this house. My question is based on press reports that senior members of the government regard it as a matter of non-confidence that the committee on external affairs decided to call Mr. Lawson and Mr. Zeckendorf to appear before that committee. Can the Acting Prime Minister give us the assurance that the government will not interfere in any way with the unanimous decision of that committee?

Hon. A. J. Brooks (Acting Prime Minister): Mr. Speaker, my term of office as Acting Prime Minister is going to be short. Perhaps I should explain to the house that the Prime Minister (Mr. Diefenbaker) would have been here himself at eleven o'clock this morning except that his plane is late. We are expecting him here very shortly, and I shall call his attention to the question asked by the hon. member and see whether we can get him an answer. Frankly, I know nothing about it.

HOUSE OF COMMONS

SUGGESTED ALL-PARTY MEETING RESPECTING PERMANENT SPEAKER

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to ask the Acting Prime Minister another question which perhaps can be taken as notice. In view of the fortunate and indeed pleasant situation which exists in this house, is the government prepared to give consideration to having an all-party meeting with a view to the election of a permanent Speaker?

Hon. A. J. Brooks (Acting Prime Minister): I shall certainly take that as notice, sir.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

249. Departmental administration, $1,303,859.

Mr. Martin (Essex East): Is the minister going to make a statement? I think he will find it is the custom, particularly when a minister is introducing estimates for the first time, for him to take advantage of the opportunity to make a statement. I am wondering whether the hon. gentleman intends to follow that course.

Mr. Monteith: Mr. Chairman, it may be the traditional course for a minister being in such a position for the first time to make a statement, but I do not propose to do so. I propose to follow the example set by the previous minister of the department for many years past of not making an opening statement but replying to questions as the estimates are proceeded with.

Mr. Martin (Essex East): Mr. Chairman, I should like to say a few words at this time. First of all I should like to take advantage of this opportunity to say what I am sure the minister has learned by this time, that the Department of National Health and Welfare is indeed manned by a distinguished group of public servants from the deputy minister level down to the lower grade workers. As one who was minister of the department for almost 11 years I thought I should like to take this opportunity to pay a tribute to the personnel of the Department of Health and Welfare who made my task an agreeable one; a task, I think, that produced some very constructive results.

The Acting Prime Minister said the other day that Canada had reason to be proud of its public servants. I am sure all of us in every quarter of the house will agree with that observation, and I want to say in particular that the public servants of the Department of National Health and Welfare are ladies and gentlemen who have served and are serving the country with distinction and the people of the Canada have every reason to be proud of them. As the former minister I want to say in the house that I have special reason to be grateful for the loyalty and service which they gave to Canada and to the department during my tenure of office.

I am wondering whether or not it is the minister's intention to indicate at some stage the extent to which it has been possible for him to cut down the expenditures of the department, in accordance with the statements made during the course of the election campaign by hon. gentlemen opposite. I recognize, of course, that the expenditures of the Department of National Health and Welfare are by no means all controllable, but there are areas where, if an administration wanted to, that could be done. I do not know whether or not the minister will indicate whether he has been able to effect the kind of savings which it was suggested, not with regard to any particular department but with regard to the government generally, would be effected by the administration of which he is now a member. We shall look forward to hearing from him in that particular later on.

I want to take advantage on the first item to again express what I believe is a wide measure of regret in this country at the failure of the government to give evidence

of any progress in the implementation of the federal government's share of responsibility under the Hospital Insurance and Diagnostic Services Act. This matter has been referred to by interrogation in the house and by statements made by some hon. members from time to time, but I think the minister will agree that anything I have said, certainly anything involving him personally, cannot be characterized as having been anything but responsible and fair. However, I find it necessary now to say that as we come to the period of adjournment, after many days of discussion in parliament since October 14, there is a wide measure of regret at the lack of evidence of progress being made by this government in respect of this particular matter.

In reply the hon. gentleman may say that as a result of the discussions at the dominion-provincial conference my statement cannot be fully substantiated. In that context I think it must be realized what took place at the dominion-provincial conference. The Prime Minister at that conference said—although he had refused to say so on the Friday before the conference in this house—that the federal government was prepared to include tuberculosis and mental illness under the terms of the hospital insurance act. He noted that this was in conformity with assurances he himself had given during the course of the election campaign and assurances that had been given by implication as a result of the stand taken by hon. gentlemen opposite when they were in opposition.

The fact is that these promises are not being kept by the government in its stated policy. The Prime Minister said the federal government was prepared to include tuberculosis and mental illness but that the costs involved would be deducted from any increase made in further fiscal grants to the provinces. That statement is not in conformity with the promises made during the election campaign. That is not the kind of urging that was made of the previous government by hon. gentlemen opposite when they were in the opposition. The result will be —and I am now giving my warning to the minister—that certainly two provinces, namely the province of Ontario and the province of Quebec, will want to get their full fiscal grants under the new arrangement. Then in subsequent years, having received those moneys, they will come to the administration and seek to get compensation with regard to tuberculosis and mental illness. I am sure the minister will be aware of that danger. I am sure it is a likely development as a result of the changed position which the government has taken in this matter.

[Mr. Martin (Essex East).]

My reason for expressing regret again is that the minister, in answer to questions, has not revealed that any negotiations whatsoever have taken place between the government and the provincial governments in the matter of the implementation of the hospital insurance act. The minister has said on occasion that his officials are available, and we know that recently there was a technical conference on the public services level. However, I am sure the only way in which to make progress in a matter of this sort is for these negotiations to be initiated and carried on by the minister himself. Officials in government departments can go only so far. They must always have their conduct tempered by considerations of government policy. The only way in which you can have any advance made in a matter of this sort is by a vigorous interest on the part of the minister concerned and on the part of the government as a whole.

In this context I ask the minister this question. Apart from his meetings at the dominion-provincial conference, can he tell the house what negotiations he has carried on with any provincial government in trying to encourage the latter to take steps by which this measure can be implemented at the earliest possible date? I find it difficult to understand why, at this late date, there are no agreements whatsoever with any of the provinces. I cannot understand why there are no agreements signed now with the provinces of Saskatchewan and British Columbia, provinces that now have schemes in being. If the minister wants to give the country the impression that there has been no dilatoriness on his part or on the part of the administration, I think he will have to explain why no agreements have yet been concluded with at least these two provinces in which hospital insurance is in existence.

Prior to the election on June 10 the situation was that all the provinces that had expressed their willingness to come within the four corners of the federal scheme had been sent a draft master agreement. My recollection is that not only had that agreement been sent to the provinces of British Columbia, Alberta, Saskatchewan, Prince Edward Island, Newfoundland and Ontario but that as well, in order to facilitate matters, we had sent the agreement to the provinces of New Brunswick and Nova Scotia, two provinces that had given evidence of rather intensive interest in the possibility of an agreement with the federal government.

What has happened? What reaction have we had from the provinces with regard to these agreements? Why has no agreement

been signed yet, for instance, with the province of Ontario? In the month of April we met with the government of the province of Ontario and I indicated, on behalf of the government of the day, that if by the end of September we had not concluded agreements with any of the provinces we would have to give consideration to arrangements which would place the province of Ontario in a position where it could begin its scheme without any concern over the failure of other provinces to participate. This is a serious situation. Ontario has indicated that it is going to begin its scheme on January 1 next. In the meantime, in a large province like Ontario—

Mr. Monteith: May I interrupt the hon. member at this point? Did the hon. member really mean January 1 next?

Mr. Martin (Essex East): No; January 1, 1959.

Mr. Monteith: That is better.

Mr. Martin (Essex East): I thank my hon. friend for that correction. The situation is that in the province of Ontario arrangements are now being made—

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I am sure, Mr. Chairman, that the applause which greeted the entrance into this chamber of the Prime Minister will be shared by everyone, and that as the one who has the floor I would be expected to say on our behalf how pleased we are to see the Prime Minister back. We are looking forward at the earliest opportunity to a report from him on important matters; we trust his health is good; we believe that his humour is satisfactory, and we hope his outlook for the future will be tempered by events over which he will not have the fullest control.

My colleague the former minister of agriculture tells me the Minister of Finance has also come in, and I welcome back that hon. gentleman. I am glad to see him in a happy mood, which I hope will also temper his conduct in the future. The Minister of National Defence and the Secretary of State for External Affairs are also home. I hope they have had a very useful assignment at a very important meeting, and we will be looking forward to having a report from them.

On this particular matter which I am discussing, however—

Mr. Green: On a question of privilege, Mr. Chairman, I believe the Prime Minister is prepared to make a statement at once, not having taken advantage of an opportunity to do so either to the C.B.C. or the press at the airport. I wonder if the house would give unanimous consent to revert to motions so that he may make his statement now.

Mr. St. Laurent (Quebec East): Mr. Chairman, I think it would be the desire of the committee that we rise, report progress and be given leave to sit again later this day, because I am sure we are all anxious to assure the Prime Minister and his colleagues of our pleasure at seeing them back, of welcoming them most warmly and congratulating them on their safe return from a very important meeting of the north Atlantic treaty organization about which we all are most anxious to hear the impressions of the Prime Minister and, if possible, have confirmed to us the optimistic expressions of those impressions which we have read in the newspapers.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, we also are happy to join in the unanimous consent that we rise and report progress and that the house then revert to motions. We would like to join in the welcome to the Prime Minister and his colleagues on their return to this house which has already been extended by a spokesman for and the leader of the official opposition.

Mr. Chairman, since we are doing a number of things these days by unanimous consent, and since there are a few members who are not in the chamber but who would, I am sure, like to hear the report of the Prime Minister, I wonder if we could either delay a moment or two or if we could do a most unusual thing and ring the bell to bring those members back.

Mr. Low: Mr. Chairman, we would like to make the motion unanimous, and also wish to join the other members in welcoming back the Prime Minister and his colleagues from their trip. We are glad to see they are here safely and looking well. I do not quite understand the patch on the cheek of the Secretary of State for External Affairs; perhaps he could explain that to us later on.

Mr. Knowles (Winnipeg North Centre): He forgot to turn the other cheek.

Progress reported.

EXTERNAL AFFAIRS

NATO—STATEMENT BY PRIME MINISTER ON RETURN FROM CONFERENCE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would first like to thank the house for granting me the right at this time, by their indulgence, to say a few

words in regard to the conference which concluded the night before last. May I also express my thanks and appreciation and those of my colleagues to my hon. friend the member for Essex East (Mr. Martin), to the right hon. Leader of the Opposition (Mr. St. Laurent), to the hon. member for Winnipeg North Centre (Mr. Knowles) and to the hon. member for Peace River (Mr. Low) for their warm words of welcome.

It is very difficult at such short notice to have what I would like to prepare, namely a reasonably full summary of the negotiations which took place and the decisions which were made on that occasion. I cannot fail once again to feel wonder at the fact that due to modern means of transportation it was possible for me to have been in the gallery of the House of Commons in the United Kingdom last evening and to have heard there the conclusion of the debate on the report of the Prime Minister and foreign secretary of that country on the deliberations which had taken place but the day before at Paris.

This morning I endeavoured to put together some ideas which came to me as a result of the meeting and the opportunity to meet with the 14 leaders of the respective countries and feel something of the atmosphere which was apparent; not one of fear nor of bravado, but certainly one which indicated a new spirit of unity among the nations composing the north Atlantic treaty organization. There have recently been times when that unity has not been as complete as it is at this moment, and I think that fact to a large extent, coupled with the meeting in Washington of the President of the United States and the Prime Minister of the United Kingdom, added emphasis to the general demand that a meeting at top level should take place.

I make my first report to parliament before communicating with anyone else so the house will have a general picture of the atmosphere which prevailed, the decisions which were made and the prospects for the future. This conference brought together not only the heads of state but it also assembled for discussion most of the basic problems and issues which currently divide the free world and indeed the world in general. To deal with these problems, after consultation with all the partners, the conference charted a course for the future. We decided on the principles by which we would be guided in the months to come, and we have taken decisions which I believe are far-reaching in the course they will determine for the reinforcement of the alliance, to ensure its basic and continuing unity and to reinvigorate its basic objectives.

That was a declaration of our principles and objectives which was accepted. This was a Canadian initiative which received the support of all other delegations. In the declaration we stated clearly and for the whole world to understand our determination for peace, and also our determination to protect and guarantee the rights of our peoples to live in peace and freedom under governments of their own choice.

To those who say—I know this has been said over and over again, and I remember the right hon. gentleman the Leader of the Opposition saying so on one occasion—that it is not all perfect—it is well to remember this; that when NATO was formed nine years ago its purpose was to protect the right of nations to live in face of the expansionist and subversive policies of the Soviet union, and so far has it succeeded that since it was formed no nation in Europe has fallen under Kremlin control, either directly or indirectly.

Regardless of the particular area from which the representatives came there was a general feeling, unalloyed in any way, that at this time our unity and combined strength are indispensable not only to the security of our alliance but to the peace of the world, and that until such time as the Soviet union is prepared, under a comprehensive and controlled disarmament agreement, to come to reasonable terms, for so long would it be necessary for us to maintain the integrity of our defences.

The meetings took three and a half days and throughout the entire period, Mr. Speaker, the question of disarmament was of paramount importance. We of the Canadian delegation stressed the need to take whatever steps might be required, not in the spirit of appeasement, however, to reopen negotiations with the U.S.S.R. on this vital issue respecting which Canada has played such a large and important part.

The house will be fully aware that our previous attempts to reach agreement have been blocked and rejected by the Soviet union. Reasonable and equitable proposals which were put forward last summer were rejected without discussion on the part of the U.S.S.R., and only recently the decision of 56 members of the United Nations voting in this regard was rejected in anticipation, though the commission of 25 members is not to commence its deliberations until January 1.

In connection with the Bulganin note, the general attitude was that if the U.S.S.R. means business then it should give some direct evidence, some tangible evidence, of its desire in this regard. The attitude taken in that connection was that while the U.S.S.R. pretends it wants disarmament it is indeed strange that it constantly refuses to permit those guarantees which would assure that

the pledged word under agreements in this regard would be carried out, namely guarantees for inspection and control. The heads of government attached the greatest importance, however, to the reopening of negotiations, and agreed to examine any proposal from whatever source for general or partial disarmament and any proposal enabling agreement to be reached on the controlled reduction of armaments of all types.

In order to give effect to this it was agreed that should the Soviets refuse to participate in the committee set up by the United Nations, the alliance—and again, I say, not in a spirit of fear or appeasement, either—would welcome a meeting at the level of foreign ministers for full diplomatic negotiations in order to resolve the present deadlock, which, unless it is resolved, will lay upon this and future generations a weight far too great to be borne at the present rates of defence expenditure. Those rates are increasing year by year, and even looking forward only two, three or four years, having regard to the increase which is taking place, they will have attained colossal and gigantic proportions even compared with the expenditures of today.

What I am trying to say is this. The basic thought that underlay all the discussion was the desire to reach a stage which would permit of disarmament and, subsequently, reductions in the production of ordinary weapons, ordinary armaments, and a very strong measure of control over the production of nuclear energy to the end that as far as possible the developments in this regard would be for peaceful purposes. Unfortunately this desire—and it is a desire felt on the part of all these nations—is dependent on the attitude of the Russian government.

We devoted our full attention to ensuring that appropriate steps are taken to strengthen the military, economic and political aspects of the alliance so as to ensure that until negotiation permits disarmament, our defences will constitute a bulwark and deterrent against aggression. Only yesterday afternoon in the British House of Commons Mr. Macmillan, with Sir Winston Churchill present, quoted the words of Sir Winston that what was required was continued preparation for defence to the end that we may ultimately be able, through strength, to bring about the achievement of negotiations.

In connection with Soviet advances in the field of military technology, there was strong urgency added to the reconsideration of our collective security arrangements. We had to ensure that the NATO defence structure, first erected to meet the needs of 1949, was adjusted to meet the needs of 1957, to render impregnable, as I said a moment ago, the defensive capacity of the Atlantic community in the nuclear era.

Now, Mr. Speaker, I am going to refer to one or two particular matters; first, the matter of disarmament with which I have been dealing in general terms up to now. It was made clear on the part of the U.S.S.R. within the last three or four weeks, and earlier than that at the Washington meetings, that the most modern and destructive weapons, including missiles of all kinds, are now being incorporated into the Soviet armed forces. Therefore, as I said a moment ago, the alliance has no choice but to build up its forces with similar weapons.

It was therefore decided on a bilateral basis—I want to underline that and emphasize it—to make available ballistic missiles in case of need, these missiles to be placed at the disposal of the supreme allied commander in Europe, and it was also decided to establish stocks of nuclear warheads which, again, will be readily available in case of need in defence of the alliance. Final decisions, bilateral decisions in the main, in this regard will await the further meeting in March at the ministerial level.

These decisions on principle were taken only after a searching review of the necessity for strengthening NATO's capacity to deter aggression. Specific plans for implementing these proposals will, of course, await the ministerial meetings. It was also decided that our forces and production for defence should be more completely integrated so that each member of the alliance could make the most effective contribution to defence.

The United States particularly impressed upon the representatives there the necessity of co-ordination in defence production, the co-ordination of research and development. I pointed out in that connection something to which I now refer again in this house as a striking example of how the principle of co-ordination and interdependence within the alliance can be employed. I refer to the arrangements we made with the United States government for the integrated air defence of North America under what is called NORAD. I want to re-emphasize that I pointed out there, and it was accepted as a fact, that these integrated forces are an integral part of the NATO military structure in the Canada-United States region; that there is a committee of NATO dealing with Canada-United States relations in this regard, and that anything we have done has been reported to the standing group and that course will be followed in the future. The NATO council will have full

reports on everything we do, similar to the practice followed in all other NATO military commands.

Now I come to the question that was raised in the house in connection with economic developments. To a surprising degree, I thought, having regard to the experience of the last few years, it was reiterated over and over again that NATO is more than a military alliance; that it is a community whose members are guided by similar fundamental ideas, and that under article II of the treaty we have agreed to give effect to the community by co-operation and collaboration in the important aspects of international relations.

At the meeting this week the flowering of this concept of the Atlantic community was much in evidence. There was not a great deal of divergence of view as to the necessity of greater and more expanding developments in connection with the article in question. Indeed, the wording of the communique itself indicates the degree to which, almost for the first time, the nations comprising the alliance were in agreement when they pledged themselves to this effect; that "they will co-operate among themselves and with other free governments to further the achievement of economic stability, a steady rate of economic growth, and the expansion of international trade through the further reduction of exchange and trade barriers."

Then there was a reference that I think I should mention at this moment. They reaffirmed the desirability of a closer economic association with the countries of western Europe, which they deemed to be in the interest of all countries and which will lend encouragement to the successful development of the European economic community and the European free trade area. In connection with the latter, when this matter came before the council I used the following words in order to clarify and make certain Canada's stand in this regard:

> When the proposal for the European free trade area was placed before the Canadian government for consideration it qualified its approval by specifically excluding from its scope food, drink and tobacco. By this exclusion the trading interests of Canada were protected, and on this qualified basis the Canadian government has been able to give its approval to the proposal.
>
> I would have preferred to have had this omitted from the communique, or alternatively to spell out the nature of our reservation. However, recognizing the strong desire of a number of governments represented here to include a brief endorsement along the lines of the draft before us, I am not going to press our objection.

We did repeat for the record that Canada's approval of the European free trade area depends on the exclusion of the three groups of products to which I have already referred, the exclusion from the ambit of the proposals of the commodities in question.

I come now to one other matter that has been foremost in recent weeks, particularly in connection with the shipment of small amounts of arms to Tunis and the strong objection taken by the government of France to the course of action followed in that regard, which underlined the necessity of there being the closest consultation among all the members before action is taken. That was one of the most striking general matters at this conference, the determination of all the partners to develop still further the habit of consultation, which is an essential element in maintaining the cohesion and unity of the alliance. The Canadian delegation stressed the importance of the habit of consultation, the neighbourly frame of mind, and the desirability of member nations refraining from adopting firm policy stands or making major political announcements on questions that affect the interests of their NATO partners until they have consulted with them.

I am convinced that this habit, this frame of mind, will still further develop interdependence. Certainly there was unanimous support in this regard among all the members present. It was recognized, too, that since the aim of the Soviet bloc was to weaken and disrupt the western world by all the means at its disposal, the alliance could not be concerned only with the north Atlantic area and the military defence of that area. It was agreed that our political and economic strength must be organized on the principle of interdependence.

However, this does not imply, and the Canadian delegation made that very clear during the discussions, an extension of the commitment of the alliance to defend other areas, nor does it imply in any way a desire on the part of NATO to interfere in the affairs of other countries. Our interest was to affirm the support of our governments for the independence and sovereignty of states in areas such as the Middle East, and our continuing interest in the economic well-being of their peoples. To the many nations which have gained their independence since the end of the second world war and to all other peoples who are dedicated to peace and freedom, the NATO countries offered their co-operation on a basis of complete equality and in a spirit of fraternity.

I stated in the house before the Canadian delegation left for Paris that the government felt that particular attention should be given at the NATO meeting to the implementation of the objectives set forth in article 2. I stressed this view in Paris, with particular reference for the need of members of the

alliance to bear in mind the needs of the underdeveloped nations. I said the free world would not accept a situation where half mankind is well fed and the other half is not. Such a situation merely invites communist mischief.

In this connection I said that something in the nature of a NATO food bank might be created to make food available to countries which are in need and which are in danger of being overrun and subverted by the Soviet union. It would also make possible the availability of those deposits of food in the event of war. It is our hope that such an eventuality will not occur, and that we have come a long way in the last few days toward once more reinforcing the forces of peace.

In connection with scientific and technical matters within the alliance there was a general recognition of the need to increase the number of trained scientists and technicians in most of the countries. In Canada, as elsewhere, progress in this field will depend not only on the state contribution but also on the devoted contribution of teachers and scientists in our schools and universities. It will also depend on the support which governments will give to institutions which provide courses in scientific subjects, and this government intends shortly to give full reconsideration to its policy in this regard and have it placed before parliament.

To give effect to a co-operative effort within the alliance it was decided to arrange a NATO science committee on which all member countries will be represented by men qualified to speak authoritatively on scientific policy, and to appoint a scientific adviser to the secretary general of NATO. While some may say these were merely procedural decisions, none the less we had before us specific proposals for developing co-operation in this field between NATO countries which will be worked out in detail by qualified authorities on the new committee.

Let me mention one other matter. We thought of the people behind the iron curtain, people who believe in freedom as we do. Sometimes we are apt to forget them. When the declaration was being drafted I had the honour to move that there should be the inclusion of a paragraph to give to those people, whether in the Ukraine, in Hungary, in Poland, in East Germany, in the Balkan states, or in any other countries, the hope that the day will come when they will be able to live in freedom; to let them realize that we have not forgotten and do not forget their heroism and their plight. We want them to know that the flickering flame of freedom they have kept alive is being seen by those who represent countries under democratic control. It was accepted that this paragraph should be included in order to give some hope to those who live in the expectation that tomorrow may give them new opportunities in life and the right of human beings to enjoy a measure of freedom. The portion in question is as follows:

> For the entire world it is both a tragedy and a great danger that the peoples under international communist rule—their national independence, human liberties and their standard of living as well as their scientific and technological achievements—have been sacrificed to the purposes of world domination and military power. The suppression of their liberty will not last forever. Already in these countries there is evidence of the growing desire for intellectual and economic freedom. If the free nations are steadfast the totalitarian menace that now confronts them will eventually recede.

While I was in Paris I was met by a group of 15 to 20 representatives of those peoples behind the iron curtain, who asked for nothing in the nature of a declaration belligerent in its wording. All they asked for was a word of appreciation so the aspirations and hopes of those people will be maintained.

That in general, sir, represents a summary of the principles that activated those who met there. In brief the alliance, I believe, has made a substantive contribution to the cause of peace, not only by reaffirming its purely defensive character—that was underlined and re-emphasized over and over again—but also by leaving the door open to meaningful disarmament negotiations. Decisions have been taken which, through a closer integration of our individual forces, will result in the strengthening of the alliance and I believe will ensure greater security to our peoples.

The machinery of NATO will be adapted to make possible the full use of the resources of each and all of the member nations. Above everything else a new impetus has been given at the highest possible level and a revised vision to our alliance which will help us to translate its aims and objectives into practical achievements. While there may be those who feel otherwise, one of the most moving things that took place at that conference was at its conclusion, when the President of the United States asked that the leaders of the various countries should engage in silent prayer for the welfare and the preservation of freedom in mankind.

I am not going to say more than that; but never have I seen a group of men less actuated by any purpose other than to achieve, or to lay the foundations for, peace, and so to act that the 450 million people whom they represented will at least know that everything has been done and everything will be done to ensure through negotiation the maintenance of our way of life; that we are prepared, not

in a spirit of appeasement but with a realization of the awful realities that face us, to go as far as possible to bring about that climate and that atmosphere which will ensure the laying of the foundation, internationally, of peace through disarmament.

Each member government will now have to review either individually or in the council the implications of the practical steps that have been taken. Each of us—and I speak personally when I say this—endeavoured to express the view of the Canadian people and to make some contribution to the development of that sense of partnership with our immediate allies which has been so necessary in recent days. No one who was there could countenance the thought that we shall not succeed, for we must.

I know what the cynics will say. They have done it all down through the ages. They will contend that the declaration and the communique are simply the same old tired cliches strung together in a different arrangement but leaving the old patterns substantially unchanged. That is not so. This conference has taken striking decisions that affect the military posture, the scientific disposition, and a new and imaginative economic approach that have both domestic and external applications to all the 15 countries. We have extended the range of our concern where economic and social matters are involved to take in underdeveloped countries outside and beyond our alliance.

These to me are significant and profound advances in the NATO of today; and I hope, sir, that what has been done will render NATO perceptibly more united, actually more united, more effective, and with a more revived purpose than was the case one week ago today.

Right Hon. L. S. St. Laurent (Leader of the Opposition): Mr. Speaker, I am sure we have all listened with great interest to this summary report by the Prime Minister of Canada with respect to the important meeting of the heads of the governments of the countries that make up the north Atlantic treaty organization, and that no one would wish either to underestimate or, on the other hand, to exaggerate the practical results of these deliberations.

There is no doubt that there is something of value in having had the heads of the governments participate in the communique that was issued and in which their unity about the objectives of the alliance is once more very clearly asserted, perhaps asserted with even more clarity and certainly with more specific developments than were included even in the treaty that was signed. But as in all other human endeavours it is not sufficient to state objectives and do what might be the implementation of wishful thinking. What is necessary is to have achievements expressed not only in words, however necessary that is in the first instance, but by actual conduct that gives effect to the expressions found in those words.

Everything that is said in the communique and everything we have had in the interesting report given to us by the Prime Minister was expressed in general terms contained implicitly in the treaty itself, and has been expressed in diplomatic exchanges many times since. I think we have reason to feel that the cost to us and to our people, to all who belong to the north Atlantic treaty organization, great as it has been has been a cost that provided in return to our peoples value for the whole of it.

It is now nine years that the alliance has been in existence and has been pursuing its objectives. As the Prime Minister pointed out, during that time there has been no further expansion of the domination of one great power over its neighbouring countries. That was the thing against which the participants in the alliance wished to guard when the treaty was originally signed. Everyone accepted the language of the treaty, and I would imagine that all the member nations feel that their respective governments have endeavoured to give effect to the undertakings of the various clauses. But although the objectives have been the same for all of us, the extent to which the conduct of the 15 nations has been directed at realizing those objectives has not been completely satisfactory to every one of the nations forming the alliance.

With respect, for instance, to the matter of economic collaboration, I am sure all the governments wish to have the other members of the alliance in a satisfactory economic position. But more could have been done than has been done to strengthen the economies of the participant nations. Now that attention has been called to the matter again in this solemn pronouncement by the heads of the governments who attended the recent meeting we will hope there will be an increase in the effectiveness of the economic collaboration that is necessary to maintain our standards of living, and at the same time feel that we are doing everything it is proper to do to maintain that defensive strength that will permit the alliance to realize the general objective for which we have been striving.

We note that the Prime Minister says we should all feel that everything that can be done by negotiation to give greater assurance

to the foundations of peace in the world is being done and will continue to be done and that, in spite of what we cannot all look upon as universal good will, we will continue to hope that there will be achievements that will be substantial. I am sure those of us who heard over the radio this morning that Mr. Gromyko had declared that Russia could not participate in a conference at the level of ministers of external affairs shuddered somewhat at that early pronouncement. We do hope we will be able to convince them that we are sincere in our desire to treat with them on a basis of national equality in regard to the objective which is and must be of as great interest to them as it is to us, or at least to their people as it is to our people.

I suppose in order to make progress all of us, each and every one, who have any influence whatsoever on the conduct of ourselves and our fellow citizens, should endeavour to bring ourselves to the frame of mind in which we can attempt to negotiate with some feeling that there could be decisions arrived at that would be kept which would enable us to protect our own and future generations against the catastrophic consequences that will be inevitable if we cannot reach some satisfactory arrangements —arrangements we will not have to call appeasement, but that will at least appease the anxieties that must somewhat becloud the frame of mind we endeavour to reach at this season of the year.

Whether it be brought about by silent prayer, as the head of the great American nation requested at the close of the conference, or otherwise, I think there is a necessity perhaps on both sides of a more confident approach to the possibilities of reaching some kind of an arrangement that will be the result of negotiating from strength, but not forgetting that there is strength on both sides and that that strength would be disastrous to both sides as soon as unleashed by either one or the other.

We are coming to the anniversary of that event which was heralded to the world by the declaration that peace was being brought to men of good will. I think the men who attended this top level meeting of the north Atlantic treaty organization were all men of good will. I hope their good will will be recognized. It is sometimes necessary, without being disposed to resort to anything to which the term "appeasement" in the unacceptable sense could be applied, to express a genuine, confident desire to conduct negotiations on the basis of it being possible that they will succeed. It is in that spirit that I think we should, in our silent prayers, accept this heralding of the coming of peace to men of good will in this world.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think it is well that the Prime Minister should have taken the earliest opportunity to come before the house and give us a report on the extremely important conference from which he has just come.

I think there are times when an atmosphere is felt. As I listened, particularly to the Leader of the Opposition, whose words I think were well chosen and who expressed the thoughts of many of us as we listened to him, I thought that this morning we have such an atmosphere. I do not think there is an individual anywhere who is not impressed with the dangers that surround us and beset the world. I think we all looked to this great conference which has just concluded in Paris in the hope that something concrete might come of it, something that would give us hope for the future.

As I listened to the Prime Minister this morning my heart sank, because I could find nothing concrete that gave us any hope of peace. There is to be co-ordination of defence, co-ordination of defence production, but no co-ordination for economic integration among the nations comprising the north Atlantic treaty organization which was envisaged nine years ago when article 11 was adopted by the nations which now compose the north Atlantic alliance.

I should like to know what the Prime Minister had in his mind in concrete terms when he mentioned economic aid at the NATO conference, but perhaps that may come when we reassemble after Christmas. However, I think this statement, in the light of the documents that may be issued and what we may know at that time, should be the basis for a debate on external affairs so that we may have more than a few moments in which to discuss this extremely important matter.

Then we have the proposal for a conference of the scientists of the NATO countries. What for? To improve our weapons of war, to make further preparation for defence. That may be necessary in the world in which we live, but as I said on a former occasion, why can we not go beyond that? Why cannot Canada say that we would welcome within our borders a scientific conference representing scientists of all the nations of the world, so that others than statesmen may discuss these problems and guide the world toward some peaceful solutions? I welcome the suggestion that there should be negotiation but, like the Leader of the Opposition, I believe it must be negotiation with a large measure of good will.

If I may stray outside of our own parliament, may I say that I read with a good deal of misgiving an article by the secretary of state for the United States as well as some of his statements just prior to this conference. How can you expect negotiation to be successful when the spokesman for the most powerful nation within NATO makes the kind of statements which one heard and which one read in the current issue of *Life* magazine? I think we need a new approach, and I think particularly we need a new approach among the most powerful of the nations on both sides.

I read the Bulganin letter with a great deal of care. I do not think this letter has been considered or answered by NATO. I think it is a letter which should be answered paragraph by paragraph and sentence by sentence, and if no one else would undertake it, I would say our own Secretary of State for External Affairs should undertake the writing of such a document. Because I believe, when we contrast the report of the Prime Minister this morning respecting the NATO conference and Mr. Dulles' statement with the Bulganin letter, that once again we are losing the battle of propaganda.

Some hon. Members: Hear, hear.

Mr. Coldwell: This is a struggle for men's minds if ever there was a struggle for anything. We exclude 600 million people because we refuse to recognize that there is a government in China. Yet we are engaged in a struggle, a desperate struggle for men's minds. Through the years I have felt that we have given some of the choicest weapons in that field to the other side.

I feel we need a new approach, and I would like to know what are the concrete proposals for these new approaches. We did not get them this morning. I am anxious to read the documents which will be issued; I am anxious to read what the leaders of other countries have to say in order that I might at least arrive at a clearer understanding of what happened at NATO than I have been able to obtain from the statement of the Prime Minister. It is all very well; the words are fine, the sentiments expressed are good but, as has been pointed out by the Leader of the Opposition, they were generalizations.

So I say to the Prime Minister and to the government that I hope when we reassemble after Christmas we can set aside a day when we may discuss external affairs in the light of the new developments—I have not referred to the new dangers—so that we may make a real appraisal of what happened at NATO and whether there is any cause for hope.

This proposal to put missiles in countries in Europe was, I notice, a bilateral arrangement. I also notice that there is tremendous opposition on the part of some of our most progressive European allies, Norway and Denmark and so on. The Prime Minister said he listened to the debate in the House of Commons in England last night, and no doubt he heard there the speeches of both Mr. Macmillan and the acting leader of the opposition; possibly he also saw the vote taken, one of the narrowest majorities the present government of Britain has received since it took office, with abstentions by some of its own supporters, and possibly also some members voting unwillingly with the government. All this indicates that in the United Kingdom, one of the powerful countries, as well as in the smaller countries, there is misgiving and active opposition as to this proposal to put the new missile weapons in European countries.

If I were a Russian and I lived in the Soviet union I think I would feel just as I would feel as a Canadian living here if I saw all around my country bases with high powered planes in which new weapons of war and guided missiles were being placed for the potential destruction of my country. I cannot see how this helps the cause of peace, but that should be the subject of debate at some other time.

We in this party, in common with others in this house, have supported NATO. We appreciate the achievements which have been made by NATO and we know that what has been said—that NATO has prevented the spread of the influence of the Soviet union through subversive activity since Czechoslovakia—is quite correct. However, are we always going to live under this shadow of war, war that would bring universal destruction and universal annihilation? I want to say that I believe every member of this house—the Prime Minister, the Leader of the Opposition and every one of us sitting in our seats—feels, as the Leader of the Opposition said, particularly at this time of the year when the bells ring out and the message of peace on earth to men of good will is in our minds, that we should see if we cannot bring about measures of good will so that we may negotiate an end to this terrible threat which hangs over us all.

Some hon. Members: Hear, hear.

Mr. Solon E. Low (Peace River): Over the past week, Mr. Speaker, I believe many Canadians have been keenly interested in the reports which have emanated from Paris. I was particularly interested in the attitude toward the conference and its work expressed by a number of United States reporters. If one is to believe what they wrote, then the

NATO meeting was a flop, because that is the general opinion expressed by so many United States writers. Whether that was because those reporters felt the United States did not have its own way entirely at the conference I could not tell, but certainly there seems to be quite a lot of disappointment that the United States suggestions were not altogether followed at the conference. I am glad they were not.

Some hon. Members: Hear, hear.

Mr. Low: I feel the United States did not have a realistic attitude toward this meeting. I am not asking the Prime Minister or his colleagues to corroborate what I have said, but that has been my impression; that they went over with an eye concentrated on one purpose, which was to impress upon European countries the necessity for accepting equipment of the latest type with which to arm the bases which are supposed to make a ring around Russia. For that reason perhaps many people got the idea that the conference was not successful.

I listened most carefully to the sobering report of the Prime Minister this morning. I am glad he came in as quickly as he did, while parliament is still in session and before the Christmas recess, in order to give us this report. I found that what he had to say contained some reassurance although, as I said, it was to me quite sobering. Like the Leader of the Official Opposition I think he chose his words well, but I feel reaffirmation in high sounding terms of the purposes and objectives of NATO is not enough. What we do in the years ahead, and it seems to me more particularly in the months ahead, to translate the important principles adopted by the alliance nine years ago into effective action is going to be the criterion of the success of that alliance.

I do not for one moment mean to imply that we think the alliance has not accomplished much in the nine years it has been in existence. While the cost of Canada's participation in the north Atlantic treaty has been very great, and probably will continue for years to be exeedingly heavy, we think it can be looked upon as a good investment if it has done nothing more in those nine years than prevent further expansion of Godless communism throughout Europe and the western world. We think, however, that the true measure of whether it will continue to be a good investment in the future will depend on how much is done to give practical application to the high-sounding principles that have been expressed as its purposes and objectives.

Sabre-rattling is not enough to keep the peace. There are those, perhaps, who believe we have to develop a fighting machine which will be superior to that of our competitors, the Russians especially; but I repeat that in my judgment sabre-rattling does not do very much good compared with quiet preparation for negotiation from strength. There is quite a difference between the two; and while many people may say that the strong proposal of the United States to arm the European bases with nuclear warheads frightens the Russians, let us not overlook the fact that Russia does not make any bones about the 500 submarines she has ranging the seas from which she can launch nuclear weapons against her enemies, making us feel a little insecure as well.

I think we must keep that in mind. Both sides, as the Leader of the Opposition has said, are strong, and we must never overlook that fact. But that must not deter us for one moment from completing our preparations so we can carry on negotiations from strength.

Let me say, Mr. Speaker, that the negotiations are going to be mighty important too, and those negotiations will have to be carried out on a high moral plane. Now is the time, if ever in the history of this world, when the nations composing the NATO alliance should put their cards face upward on the table and in every way carry on their dealings on the highest moral plane. There should be no attempt, it seems to me, to negotiate in such a way as to give people the impression that we are attempting to do as Chamberlain did at Munich back in 1938. I do not think this is a time for appeasement, by any means. It is a time for peace with honour, and I think we can only achieve that if we are strong and at the same time seized with the necessity of treating other peoples in the world as equal to ourselves.

I do not like this idea which is too often abroad that what we people in the western nations have to do is to bring other people up to our level. Bless my soul, some of the people in the east are far beyond us in moral and spiritual achievements, and it seems to me we have to get over to them the idea that we are prepared to meet them as equals and negotiate with them as equals for peace.

I wish to say in conclusion, Mr. Speaker, that I think it is now time the Prime Minister should prepare and deliver to the Canadian people as a whole the kind of report I suggested he should make when I spoke before he left for the NATO meeting. I think the Canadian people want to hear from the Prime Minister the details of what went on at

NATO. Reports from this parliament are not carried adequately enough for the people to get a clear idea of what is going on.

I am glad to see the delegation back, looking as well and fit as they do today. It must have been a very heavy task and a difficult time for them, and I hope every single one of us will be preprared to express his views some time after the resumption of the parliamentary session in the New Year on these very important matters which constitute the effort to attain peace. But I cannot help thinking, Mr. Speaker, that if the world is ever going to achieve peace it has to start with the individual, with each one of us here.

I learned years ago from an old Chinese philosopher who said this: "If there is righteousness in the heart, there will be beauty in the character; if there is beauty in the character, there will be happiness in the home; if there is happiness in the home, there will be strength in the nation; if there is strength in the nation, there will be peace in the world."

Mr. Diefenbaker: I wonder whether the house would take kindly to having appended to *Hansard* today the declaration and communique, so the discussions which have taken place here may fit in with the general compendium of what actually took place in Paris.

Mr. Deputy Speaker: Would this course be agreeable to the house?

Some hon. Members: Agreed.

[*For text of documents referred to above, see appendix, pages 2762-65.*]

Hon. Paul Martin (Essex East): I should just like to ask the Prime Minister one question. Was it decided that the letter in reply to the Bulganin letter should be made as a NATO reply, or will replies be made by the individual countries?

Mr. Diefenbaker: There was no consideration of that point, and that being so the replies will, of course, have to be on an individual basis.

SUPPLY

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

249. Departmental administration, $1,303,859.

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

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Martin (Essex East): Mr. Chairman, before we interrupted this particular discussion to enable the Prime Minister to make a report on the important conference in Paris of the north Atlantic powers I was dealing with the situation that confronts us in the province of Ontario as a result of the fact that at the present time no agreements whatsoever have been concluded between the federal government and the provinces pursuant to the provisions of the Hospital Insurance Act introduced in the previous session of parliament by the government at that time headed by the present Leader of the Opposition.

I had indicated that in a conference I had with the government of the province of Ontario some time during the course of last spring agreed that if agreements had not been concluded by the end of September with the five other consenting provinces other arrangements would have to be made to avoid the very difficult situation which could arise in the province of Ontario in view of the fact that the premier of that province had stated that he proposed to begin his hospital insurance scheme in Ontario on January 1, 1959.

I was about to indicate before the interruption that in connection with the preparation which understandably the government of Ontario must make that that government must be in a position well ahead of the starting date of having clear understandings with the federal government. The province of Ontario and indeed every province could not be expected to start their schemes unless they were assured that the federal government would begin to share in the costs of the operation of the various plans. In the meantime arrangements would have to be made with private insurance groups, with labour organizations and with employer organizations all leading to the situation in which insured people under these various plans could be given some guarantee that they would not be without the benefits of hospital insurance either under government or under private auspices. The only way that a chaotic condition could be avoided would be by dispatch in getting agreements between the two senior levels of government, and every step would have to be taken to make sure that that dangerous possibility did not confront the provinces concerned.

Notwithstanding the announcement made by the government, that if there was a measure of unanimity on the part of the provinces it was prepared to bring in an amendment to provide for sharing of costs by the federal government at a date other than that referred to in the existing legislation there is great danger now in the light of the only evidence that is available to the house and to the country of the possibility of that chaotic

situation arising. I find it difficult indeed to understand why there are not agreements now concluded with at least four of the provinces. I could go further and say that I am sure that if the necessary interest and will existed on the part of the government agreements with the six provinces could by now be concluded.

It is all very well to suggest that the government proposes to meet this situation by amending the act in order to make payments possible, let us say, to the province of Ontario; but the fact is that if the government is going to take that step, and it has announced its decision so to do, I do not know how it will explain with regard to those provinces that now have schemes in being that it has not taken steps already to provide payments to these particular provinces.

It may be said in answer that that was not the policy of the government of which I was a member. That is true, but as I have indicated we did suggest to the province of Ontario that if agreements were not concluded by September other arrangements would have to be made. But there was a good reason for the policy we were pursuing because our objective was to bring in a maximum number of provinces under a system of hospital insurance based on co-operative financial arrangements between the two senior levels of government. It was as a result of our adhering to the formula of six provinces that we were well on our way to something that approximated a nationwide scheme.

However, as a result of the situation that now develops, are we any nearer to such an approximation? Are we any nearer to having any more than the provinces of British Columbia and Saskatchewan, possibly Alberta, and Ontario with schemes of hospital insurance available to their respective constituents? I think we are not. I think that as a result of the failure of this government to conclude agreements certainly by the end of September and as the result of its failure since the end of September to give evidence of progress we are not going to have the nationwide approach we could have had if there had been alacrity and a greater evidence of interest and concern on the part of the administration.

There will be the greatest regret on the part not only of the people of the various provinces but of the people all over the country that such little progress, if any at all, has been made in the matter of hospital insurance. If there was a justification for the decision that parliament took, in the month of April in accepting the federal government's proposal for a system of hospital insurance, I believe this government can be charged with great neglect in the face of the position which parliament then took, in the light of the demand all over this country, for not having marched with a firmer step and with greater dispatch regarding a matter which means so much to the preservation of the health standards of this country and to providing health assistance to the people.

I was a little disturbed the other day when, in answer to a question put by the hon. member for Winnipeg North Centre, the minister replied that it was proposed to continue the health grants introduced by the government of Mr. Mackenzie King in the month of May, 1948, but, since there might be some overlapping, there could in consequence of that be some modification of those grants, or the withdrawing of some of them. The word "withdrawing" is my own and I do not want to do any injustice to the reply of the minister. But he did indicate the possibility that, because of the overlapping, some of those grants would have to be discontinued or some modifications made as a result of the alleged overlapping. If that is done there will be genuine regret in the country. That kind of reply fails to indicate an appreciation of the full reason for those grants. Those grants have nothing whatever to do with hospitalization.

Mr. Monteith: Mr. Chairman, there is going to be no withdrawal. There will purely be a re-allocation and the same amount will be given.

Mr. Martin (Essex East): My hon. friend says a "re-allocation". That disturbs me all the more. These grants were introduced in this house as a condition precedent to the day when we would be adopting a form of hospital insurance. Indeed, the prime minister of that day said that these grants were a prerequisite to the setting up of a system of, I think the words he used on that occasion were, health insurance, and that the grants themselves were designed to prepare for the day when we would have the facilities to make hospital insurance a possibility. These grants included assistance for public health, for tuberculosis control, for mental health, for hospital construction, for medical scientific research, for professional training, for rehabilitation, for cancer control and the like. None of these grants has anything whatsoever to do with health insurance except in so far as providing a foundation stone for the successful operation of a system of health insurance.

What allocations are to take place? Are we to conclude that because the government is proposing, under certain conditions, inconsistent with the promises that it made during

the election, to include tuberculosis and mental illness, they are going, by allocations of the funds provided for in these two particular categories, to spend less money for tuberculosis control. The moneys spent for mental illness have nothing to do with hospital insurance at all. The moneys in these two particular categories had to do with another phase altogether.

Remember what I am discussing now is a project of health insurance, a project designed not to assist the provinces in respect of obligations that they have assumed but to assist individuals in Canada in meeting their hospital costs. The money spent under the tuberculosis control grant and under the mental health grant are moneys spent for the purpose of providing facilities. They are not moneys provided to help individuals meet their hospital costs; they are designed to provide research in these various fields, to give the provinces the wherewithal to employ the necessary personnel and to carry out the general objects and purposes of these particular grants. Therefore, I hope the minister will give very careful consideration to the reply he gave a few days ago and to the observation he made a moment ago.

Take the hospital construction grant. That has nothing to do directly with hospital insurance. That grant was designed to place the provinces and the communities of our country in a position where, when we had hospital insurance in being, there would be the necessary hospital facilities available to make that scheme practicable and possible of operation. Under that grant, with the assistance of the provinces and with the major assistance of communities and voluntary bodies, we would be able together to provide for the construction of somewhere between 70,000 and 75,000 additional hospital beds.

That was a very essential foundation for the operation of a system of hospital insurance. Those grants will have to be continued because the country is growing. The need for hospital beds will continue and if there is to be any allocation of those grants and the moneys used for this particular purpose are to be transferred to take care of part of the federal share of hospital insurance we shall be going back on the commitment which the previous administration made to the provincial governments. That has had the greatest possible consequences. Therefore, I hope the minister will give careful consideration to maintaining the grants in the form in which they are. Of course he will be confronted, as time goes on, with the necessity, possibly, of increasing them if we are to maintain the pace which I believe the provincial, the municipal and the federal governments have been able to achieve in Canada during the past decade or so.

I would remind the minister that he told us quite frankly the other day when I asked him a question that the amendments contemplated to the Hospital Insurance and Diagnostic Services Act had to do with the provision of payment so that one province which was prepared to embark upon a scheme would not find itself handicapped as a result of the fact that at the present time there are no agreements with any one of the six provinces, a situation which I believe would have been avoided if the kind of care and interest had been pursued which I suggested, and about the lack of which I complained.

If that is the only amendment the government has in mind I am forced under these circumstances to point out at this time that it represents but a small portion of the commitments, or of the position which was taken by hon. gentlemen, now on the treasury benches, when they were in opposition. When they were in opposition they said that the hospital insurance measure which the government of that day introduced was a good one but it did not go far enough, notwithstanding the fact that the federal government of that day committed itself to an expenditure of at least $200 million in the first year of complete operation, a sum that represented half of the total cost of hospital insurance in Canada.

They said that we should go farther; that we should do something about taking care of a share in depreciation costs. What is the government going to do about that? They made strong arguments on this side that our measure was weak because it did not include a decision on the part of the federal government to share in the costs of depreciation. Does the government now take the position that it was wrong in urging these things when sitting on this side of the house?

What about the costs of administration? When we introduced hospital insurance we were told that it was inadequate because it was unfair to impose upon the provinces the responsibility for the full cost of administration. We pointed out at that time that the provinces were not going to be called upon to find as much new money as the federal government was going to have to find and that the provinces could be well left with the responsibility of providing for assistance in the matter of depreciation and in the matter of administration if that were thought the desirable thing to do.

But our reply in that particular was not accepted by hon. gentlemen opposite and they now have the responsibility of discharging the obligations which they sought

to impose on the previous government or of admitting now that the arguments they made on that occasion were not valid or sound. We have the right to ask the Minister of National Health and Welfare what he proposes to do about these particular claims that were made by the opposition of the government of the day, claims that have a great interest and importance in the minds of the various hospital administrations and the various voluntary bodies all over the country who, I know, are most vitally interested in the position taken by hon. gentlemen opposite with regard to the questions of depreciation and the cost of administration.

Therefore I ask the government to realize the importance of this matter. It is not too late for the minister to rise now in his place and to explain why agreements have not been concluded and to give us assurance and evidence that the delay that has taken place will be corrected by a new effort on the part of the government to carry out its obligations in respect of the act—

Mr. Monteith: There has been no delay.

Mr. Martin (Essex East): —that I think mean so much to the people of the country.

Mr. Smith (Simcoe North): May I ask the hon. member a question? It has to do with his statements concerning grants for hospital construction. Can the hon. member tell me what percentage of the cost of hospital bed accommodation in Ontario general hospitals was contributed by grants from his government?

Mr. Martin (Essex East): I cannot give that offhand. As my hon. friend knows, the federal grant was $1,000 for every acute bed and $1,500 for every chronic bed. The provinces contributed a slightly larger amount, as was to be expected, because hospitalization is quite obviously a responsibility of the provincial governments. But the grants made by the two senior levels of government are not, of course, as great as the contributions made by the voluntary organizations themselves. They bear the greatest load. But no one will deny that, in the language of Premier Frost, it was the hospital grants provided by the federal and provincial governments that spurred on hospital construction in this country, and I think every Canadian recognizes that as an achievement of the greatest kind by all levels of government and voluntary bodies.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I should like at the outset to join with the hon. member for Essex East in paying tribute to the staff and officials of the Department of National Health and Welfare. Obviously some of us have not had the advantage of the contacts with the officers and staff that the hon. member for Essex East enjoyed for a number of years, but we have met them in committee, we have dealings with them from time to time when we have cases to pursue, and we also have the advantage of the excellent material that the research workers in the department prepare.

I should like also to express appreciation of the tremendous importance of this department to the life of the people of Canada, and I congratulate the minister for having been called upon to preside over the affairs of such an important department. However, I must also join with the hon. member for Essex East in expressing the regret of this party at the delay of the present government in implementing the provisions of the the Hospital Insurance and Diagnostic Services Act. Everyone knows that it is the view of the C.C.F. that we should have on our statute books much more advanced legislation than that act. We feel the time has come for an over-all national insurance plan with provision for provincial administration but with provision for coverage of all aspects of illness on the part of our people.

Nevertheless, we do appreciate the step along the way taken in 1948 by the inauguration of the health grants program and the further step taken in the spring of this year through the enactment of the Hospital Insurance and Diagnostic Services Act. Because we appreciate these steps as being in the right direction, we regret very much that the implementation of the act seems to be so slow in coming under the aegis of the present government.

While the former minister was speaking I heard the minister interject that there had been no delay, but I submit that there is evidence of nothing else. It is not my intention to repeat the speech I made in the House of Commons on November 18 when on behalf of our party I moved an amendment to the motion to go into supply. But I would remind the minister that it was pointed out then that the present session was opened on an historic occasion with the speech from the throne read by Her Majesty the Queen but that in that speech there was no mention of health insurance or hospital insurance in any way. I remind the minister that to the first number of questions we on this side of the house asked with respect to whether anything was going to be done about hospital insurance or whether the matter was even on the agenda for the then forthcoming federal-provincial conference the answers were in the negative or evasive.

For several weeks it looked as though nothing was happening. Then for a period of a couple of weeks the air vibrated with assurances and promises. Strangely enough, those two weeks followed the moving from this corner of a non-confidence motion on the question of implementing the hospital insurance plan. The Minister of National Health and Welfare, from whom we had had difficulty in getting any answers to questions, got into that debate and assured us that the matter was being studied in his department. The Prime Minister previously had been unable to assure us that the matter would be discussed at the federal-provincial conference but he got into that debate when the confidence of the house in the government was under discussion and assured us that all matters in relation to the hospital insurance legislation would be discussed at the federal-provincial conference if the provincial representatives wished to discuss those matters.

Then the conference itself was held and at that conference there were discussions regarding the implementation of the hospital insurance plan. We were led to believe that those discussions centred in the main around two points, one being the removal of the six-province requirement and the other the inclusion of mental and tuberculosis institutions within the four corners of this legislation. A few days after that we had statements in the house—both on the initiative of the Prime Minister and in reply to questions—to the effect that the implementation of this legislation would be proceeded with; in fact, that we would get it sooner under the Tories than we would have had it under the Liberals.

These vibrant, sonorous assurances rang through the chamber for a few days and as a result we were led to believe that something would be done. Hence the pace of our questions slackened. But what has happened? Any evidence that anything is being done has died down completely. In fact, although the Prime Minister has been pleased to add to the list of items to be dealt with in this session of parliament, he still has not given the house notice, nor has his colleague the Minister of National Health and Welfare, of any legislation to amend the Hospital Insurance and Diagnostic Services Act. In answer to questions the Minister of National Health and Welfare has admitted that if there are to be any amendments to that act they will relate only to the removal of the six province requirement.

With regard to the other matter, namely mental and tuberculosis hospitals, the minister now says that this is a matter of government policy and that any announcement of any decision made with regard to that question will be made in due course. That latest word, in fact, was given by the Minister of National Health and Welfare as recently as December 17, in response to questions of mine on the orders of the day as recorded in *Hansard* at page 2473 and 2474 of that date.

In other words, Mr. Chairman, it all adds up to one big zero. No agreements have been signed. No action has been taken. No legislation has been placed on the order paper. In fact, it seems to us that there is on the part of the new administration no appreciation of the importance, social significance and urgency of this legislation to make a beginning in the field of health insurance by doing something with regard to hospital insurance.

The minister may not like my saying that it adds up to nothing, but I submit that that is a fair statement of the case. As I reminded the Conservatives when we debated this matter on November 18 and 19, they were loud and strong last spring in their insistence that the act should be improved; and the point on which they were loudest and strongest was that mental and tubercular hospitals should be included. Indeed, it was they who moved an amendment or two to that effect, even as late in the game as on third reading of the bill, when they moved an amendment to refer the bill back to a committee for the purpose of reconsidering that aspect of the matter.

I remind them that during the election campaign—and I have here excerpts from some of the items that appeared in the press—the Prime Minister made certain promises. According to the Minister of Finance we must not quote what the Conservatives said in the election campaign unless the Prime Minister said it. But during the election campaign the Prime Minister, amongst other items, promised that the Conservatives, if elected, would bring mental and tubercular hospitals under the provisions of this act. Yet, Mr. Chairman, nothing has been done on this matter for which the Conservatives were so strong last spring. The Minister of National Health and Welfare, by his answer on December 17 to which I have made reference, made it clear that that idea has just about been scuttled so far as this present government is concerned. If he wants to say that we have been assured that we are still going to get the amendment to the act to remove the six-province provision, I ask him what value there is in that now. If he replies to me that we moved an amendment to that effect last spring, I remind him that we moved that amendment at a time when only

five provinces had signified their willingness to come into the plan. But shortly after that, a sixth province indicated its willingness to participate. Now that there are six agreeing provinces, I say that the six-province provision no longer has any practical limitation so far as the implementation of this act is concerned.

So what the government proposes to do is this. All that has come out of these assurances, all that has come out of the supposed study and attention that has been given to the matter, and the supposed interest that the new government has in this legislation, is the promise that somewhere along in the piece we are going to get an amendment that does not mean anything at all. We are going to get the removal of the six-province requirement at a time when six provinces have already agreed. That being the case, Mr. Chairman, it seems to me that we have to do to this government exactly what we had to do to the former government, we have to keep on poking and prodding, trying to get them to take action.

An hon. Member: Oh, oh.

Mr. Knowles (Winnipeg North Centre): Did I hear an interjection from my friend the hon. member for Essex East?

Mr. Martin (Essex East): No. You saw a smile on his face.

Mr. Knowles (Winnipeg North Centre): I saw a smile on his face. I say to my hon. friend with whom we have had discussions about these matters for many years—and our respective forbears had them back to 1919—that he could have helped us in this effort to secure the implementation of his own legislation if on November 19 he had voted the way he spoke on November 18. He supported in words our contention that steps should be taken to achieve the implementation of this legislation at the earliest possible moment. But the next day he stood up and voted the other way.

Mr. Martin (Essex East): I know that my hon. friend is a very fair-minded member. He will know that I explained clearly the reason, namely what would have happened if we had followed my hon. friend's course, a course which he himself would pursue only in the clear belief that the government would not be defeated. That defeat would have meant postponing the realization of the very matter which he and I are now urging so vehemently.

Mr. Knowles (Winnipeg North Centre): I wonder whether the hon. member still believes that.

Mr. Martin (Essex East): I do.

Mr. Knowles (Winnipeg North Centre): I wonder whether the hon. member is now prepared to say what his vote on November 19 implied, namely that he has confidence in this government so far as health insurance is concerned.

Mr. Martin (Essex East): I think the hon. member and I will prod on and they will do what we are asking them to do.

Mr. Knowles (Winnipeg North Centre): That answer, of course, is an admission that he does not have confidence in this government so far as health insurance in concerned; and on that point he and I are agreed.

Mr. Pickersgill: Is that the only aspect of lack of confidence?

Mr. Knowles (Winnipeg North Centre): There are other aspects as well. I am sure the hon. member for Bonavista-Twillingate has aspects of lack of confidence in the government, but I am sure that any suggestion that this government does not have the confidence of the Liberal party must wait until after January 14, 15 or 16. We shall be greatly interested when that time comes to see whether that confidence still remains.

Mr. Pickersgill: There is a great difference between tolerance and confidence.

Mr. Knowles (Winnipeg North Centre): I confess that we enjoy the way in which the Liberals manoeuvre in trying to explain their position. We prefer to look at these things on their merits. On the merits of the case, on the facts, on the history of this government since it came into power, it has let the Canadian people down in so far as health or hospital insurance is concerned. We call upon this government to get over this attitude of relying on the votes the Liberals will give them, to realize that they made commitments to the Canadian people when they were on the opposition side of the house, that they made commitments in the election campaign and to face the fact that the time has come to implement in full the provisions of the hospital insurance act.

That surely calls for immediate steps to make it possible for the provinces that wish to do so to sign an agreement. We suggest if they are sincere about their proposal to remove the six-province requirement that means they are prepared to make federal money available to some of the provinces, even before six of them have their plans in operation. If they are prepared to do that, why not demonstrate it by making that money available now to those particular

provinces that have their plans in operation, even if no more than two or three have plans in operation at the present time.

I insist that the governments and the people of the provinces of British Columbia and Saskatchewan have just as much right to have federal moneys made available to assist them in their plans as the province of Ontario would have if it were the only one, or one of only two or three, which had plans in operation.

I welcome the fact that the government of the province of Ontario is going ahead with plans for a hospital insurance scheme in that province, in order to put it in effect by January 1, 1959. I welcome the fact that discussion on this point so far as the premier of Manitoba is concerned is a little more active than it was before June 10, but why do provinces like British Columbia and Saskatchewan have to wait for these six to get into the field if this government has already declared, both by the way they voted on our amendment last spring and by the statements they have made, that they are prepared to see that this money should be made available to some of the provinces even though the full quota of six have not got their plans in operation. That is an immediate step which this government should now be taking if it wants any of us to believe that it is sincere in its convictions about hospital insurance.

We also contend that the veil must be lifted and that we should be told the full story about mental and tubercular hospitals. There is a strange air of secrecy and mystery about that subject. The speeches were loud, the Conservatives were determined that this should be done; we were assured as a result of questioning in the early part of this session that the promises had not been forgotten. Such reports as we got during the open session of the federal-provincial conference led us to believe that something would be done on this point, but on the following day when the conference was in secret session—in fact from that day to this—there has been no indication of hope from the government side of the house that there is any intention left to implement the Tory promise to bring mental and tubercular hospitals under the provisions of this plan.

Mr. Pickersgill: Does the hon. gentleman not know that there was a "Frost" in the secret session?

Mr. Knowles (Winnipeg North Centre): I am just waiting for somebody to think up an appropriate reply to that but perhaps I had better go on.

Mr. Martin (Essex East): I have a chill.

Mr. Small: The temperature rose.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): The hon. member for Essex East made it clear that when he was minister of national health and welfare he did not agree that mental and tubercular hospitals should be brought under the plan, but I think he has the right, even if he did not take that position then, to call upon the government now in power to implement its own promises. This means that we are unanimous. The Tories stood for it in the last session, the Social Crediters and the C.C.F. have stood for it in both sessions, the Liberals did not stand for it last session but they stand for it now and I think among the four of us we are expressing the views of the Canadian people on this issue. We therefore call upon the government to do something about this and to do it soon.

In speaking to these estimates of the Department of National Health and Welfare one must remember that they cover a wide range of subjects and we shall deal with some of those subjects when we get into the individual items of the estimates. However, while we are on this first item there is one other major subject which comes under the jurisdiction of this minister about which I would like to say a few words. I refer to the question of old age pensions. I give to this government all the commendation it deserves for the action taken earlier in this session. I think it is fair to say that following the kind of election campaign we had last summer and in view of the tremendous amount of feeling that existed in Canada because of the fact that the Liberals had raised the old age pensions by only $6 a month, it was inevitable that any government which was returned to power would have to do something about that disgrace and would have to raise the pension to a higher level. Therefore, we welcomed from this corner of the house the amendments to the various statutes such as the Old Age Security Act, the Old Age Assistance Act, the Blind Persons Act and the Disabled Persons Act, raising the pensions under those statutes to $55 per month.

Mr. Pickersgill: Could I ask a question of the hon. gentleman? Does he not think that perhaps in entering into this subject he is out of order?

Mr. Knowles (Winnipeg North Centre): No, I have not the slightest fear of that, Mr. Chairman.

Mr. Pickersgill: I was merely asking for my education.

Mr. Small: You definitely need it.

Mr. Knowles (Winnipeg North Centre): As I indicated a few days ago, when my hon. friend was a professor and I was a student

in the same college we did not happen to connect in the classroom, but we did have discussions out in the hall and I hope we educated each other. It would be out of order, Mr. Chairman, if I were to rehash the debates that took place on the amending bill that was before the house some weeks ago. At this moment, however, it is the law of the land that the old age security pension, among others, is $55 per month. It is perfectly in order for the government to bring in another bill at this session raising it to a higher amount just as it is perfectly in order for a member in this session to urge that the law, as it now stands, should be changed to bring greater benefit to our people.

However, what I propose to do is to suggest that this whole subject does need further and very serious study. Here again I might point out that on one of those occasions when we had before the house a motion of non-confidence in the government we got something out of it. These motions of non-confidence are apparently not without value. It is only when you have a motion of non-confidence or by prodding and poking that you seem to get something out of the government across the way.

During the debate on one of these motions we got a promise from the Prime Minister that the government would study the system of old age and survivors' insurance in the United States and other similar systems to see if some way could not be found to improve our old age pension situation in Canada. We have heard nothing about it since and that is exactly our fear, that this sort of thing gets promised in the heat of debate; this sort of thing gets promised to get the government off the hook, but then time has a way of going on with this government as it did with the former government.

The fact is that we need to raise our sights a great deal so far as old age security is concerned. I can make these remarks brief because I said something along this line in another debate a few days ago. There was a time when it took an heroic effort on the part of my predecessor, Mr. J. S. Woodsworth, to sell to parliament the idea of an old age pension at all, even with a means test and even at a rate of only $20 per month. But in due course it got acceptance, although it was not until the first old age pension bill had been defeated over in the other place. Then it took us a number of years to sell the idea that there should be a pension for our senior citizens, as a matter of right, without a means test. I can remember in my time here the occasions when we were told this simply could not be done. We got that principle established, that a pension is a social responsibility and that a pension should be as of right without a means test.

Mr. Chairman, we think we ought to go further, and get to the place where we recognize that people having made their contributions to the economy and life of the country should in their retirement years have a pension, not just sufficient to exist on but sufficient to retire on in dignity and decency; and that means a pension much higher than $55 a month, much higher, even, than the $75 we advocated in the last election campaign.

That means, Mr. Chairman, we may have to do some more thinking about this problem; we may have to go in for a plan that has two aspects; we may have to go in for a combination of the present universal pension on a flat rate basis and a contributory pension based on income supplementary to the flat rate pension. We may have to find a way to provide for portable pensions in industry; a way of making it possible for people to move from one job to another and maintain their pension rights. We may have to recast our income tax structure in relation to old age pensions.

I had something to say about this matter in the special committee on estimates on Thursday, April 12, 1956, as reported at page 284 of the minutes of proceedings and evidence of that committee. I suggested then that some of us who had lived through the means test era would never agree to the re-imposition of a means test, and I am sure the hon. member for Essex East now agrees with me, even if he did not always agree with me on it, that to talk about pensions related to need is to talk about the re-imposition of the means test with all the hurt and misery it imposed on so many of our people.

At the same time it is possible by means of a steeply graded income tax and by a special income tax on pensions received by people who have higher incomes to even out the effect of higher pensions. What I am suggesting is, with all these things, the possibility of raising tremendously the present $55 pension, and taking care of the wealthy person by a change in the income tax, by introducing legislation to provide for portable pensions in industry, by introducing a national industrial pension plan as proposed by the Canadian Labour Congress, or a national pension on a contributory basis supplementary to our old age pension on a universal basis. It is possible, if we do these things on the bases I have suggested, to achieve a raising of our sights.

We had the Gordon commission report about a year ago. We do not hear much about it these days, but I remind hon. members

that the Gordon commission forecast a substantial increase in the gross national product 20 or 25 years hence. The commission forecast an increase in salaries and wages and we have got to meet the kind of increase forecast by the Gordon commission with the recognition that we may have to find a way whereby all our people on reaching retirement age will enjoy pensions, not just at the charitable level but sufficient to enable them to enjoy decency and dignity in retirement.

I see you moving to the edge of your chair, Mr. Chairman, so may I conclude these remarks—to come back later, because we are in committee of supply—by calling to the attention of the Minister of National Health and Welfare an excellent document entitled "Age and Opportunity" prepared by the welfare council of greater Winnipeg, which is a study of the experience of older citizens in the greater Winnipeg area. This report indicates that to a surprising extent our older people have as their main source of income their old age pensions, which means we have to get that amount up a lot higher. I draw attention also to the fact that this very responsible body urges very strongly on page 41 of this report that there should now be a complete review of the whole question of old age security provisions similar to that undertaken by a joint committee of the Senate and of the House of Commons back in 1950. All of us who were members of that committee and had the assistance of the staff of the minister's department believed it was one of the finest committees which ever met in parliament. It did a good job and it made recommendations on the basis of which effective steps were taken. We think it is time for another such committee to meet and study these matters with a view to revamping our pension system so as to maintain our older citizens, not just at a subsistence level but at a level which would enable them in retirement to participate in the higher standard of life now possible in this country.

Mr. McLeod: Mr. Chairman, I should like to say a few words on the first item that is before us at the present time. Like the two previous speakers, I also should like to pay my tribute to the officials of the Department of National Health and Welfare. During the last parliament it was my privilege to head the committee on health and welfare within our little group, and I had occasion more than once to visit the various heads of departments within the Department of National Health and Welfare and I always got a very cordial response. I was given all the information that was available—it was far too much for me to assimilate—and I appreciate their efforts very much to be helpful and agreeable.

Like the other two speakers, I also was keenly disappointed in the action or lack of action on the part of this government in implementing hospital insurance. We listened to the debates in the last parliament, and have listened to the promises made throughout the country that this would be implemented speedily; that mental and tubercular care would be included and that various changes would be made in the act, which would be a much better and much more suitable act; and that greater financial assistance should be given to the provinces.

However, a strange curtain of secrecy seems to have been woven around this question of hospital insurance since parliament assembled here in October, and it is not just with regard to the department of health. We can ask questions of practically every department in the government, and we are given the brush-off in most cases. In this respect our questions as to what progress is being made, how other provinces are reacting to the plan and whether arrangements to cover mental and tubercular care are being considered, have been particularly unsuccessful in obtaining any definite information. We are told that all is proceeding well; we are asked to have confidence in the government.

Mr. Chairman, we may have confidence in the government, but our confidence may be growing less day by day due to the fact that there is no co-operation between the government and members of the house to give us information about what is going on. I say with all seriousness that there cannot be co-operation unless we are advised of what this government is doing; we must at least have some knowledge that they have at heart these problems with which we are concerned. We should be told just a little bit of what is being done in order to sustain our confidence.

I am now going to make a few general remarks and when the detailed items are before us I will perhaps deal with them more specifically. The Department of National Health and Welfare is the second largest in terms of expenditure of all the departments of government, second only to the Department of National Defence, but in many ways it is of the greatest importance to the people of Canada of all departments of government. It is greater in importance than the Department of National Defence which spends more money because the greatest asset of any nation is the health of its people. At the moment I am more concerned with the subject of health than with the subject of welfare and so I will confine my remarks to that

aspect of the department. It is the duty of our department of health to ensure that we have a nation of healthy and vigorous people and so it must be constantly on the alert to guard, promote and maintain the health of Canadians.

Today the emphasis in the field of health is on prevention. The medical profession and all our health organizations are today gearing their efforts towards the prevention of sickness and disease rather than cure. In order to facilitate that program of prevention, in other words to combat disease before it occurs, we must have an additional speeded up program of research and study.

The battle that will be waged by our research men against sickness and disease will require a greatly enlarged staff and we will have to provide additional training facilities in order to prepare technicians and experts to carry on this research. This will also require the expenditure of vast sums of money but I am satisfied that the people of Canada will not begrudge money for this important aspect of promoting their own health and welfare and in building a nation of which each of us may well be proud. That is a general review, as I see it, of the need for expanding and continuing research into the prevention of sickness and disease.

One aspect of illness with which I wish to deal in greater detail at the present time is mental illness. This is the No. 1 health problem not only in Canada but throughout the world. It is difficult today to pick up a magazine or newspaper of any repute without finding a report of advances that are being made in the study of mental disorders and in devising cures for the various phases of mental illness with which our people are beset. I sometimes wonder if we are completely on the right track in this respect. Many patients who visit doctors at the present time complaining of stomach disorders, skin disorders, neuritis, sciatica and migraine headaches invariably have their disorder diagnosed as being attributable to nerves. If a person with a chronic skin disorder visits a doctor there is a strong likelihood that the doctor's verdict will be that the patient suffers from nervous eczema. A person suffering from what used to be called gastric stomach disorder or some other common stomach ailment is today invariably told that he has a nervous stomach. Those suffering from various neuralgic pains, sciatica, neuritis or migraine headaches are advised they are suffering from just plain "nerves". The treatment for those conditions, of course, is frequently psychiatry or sedation. I think that in too many cases our doctors today do not have the time to devote to treating these cases which seem to be increasing in number and an easy way out is to prescribe sedation. This of course has a temporary effect and may bring relief but I have often wondered if it is the proper relief.

I was recently intrigued by a series of articles which recently appeared in a publication written by two noted doctors, one from Montreal and one from the province of Saskatchewan. I will not mention any names but I will say that these men are approaching the problem of mental illness in a fresh way. In cases of chronic skin disease they are attempting to find if there is some physical cause for the disease. They are of the view that perhaps chronic skin diseases which can be extremely irritating are the cause of the nervous condition in the patient instead of the nervous temperament of the person being the cause of the skin disease. In other words we are coming back to the question: which came first the chicken or the egg? That is the problem these and other doctors are trying to determine today in the field of mental health. I suspect that all too often doctors have said that the patient's condition was caused by nerves whereas the nervous condition has in fact been the result of physical disability.

The chief of the mental health department of the province of Saskatchewan and the doctor in charge of the research institution there are taking that attitude. They are obtaining wonderful results by treating people who for years have been considered incurable mental patients. They are attacking the problem from the physical standpoint and have discovered that in many cases a physical disability has been the cause of a nervous condition from which patients have been condemned to suffer for many years. Many people have been cured and are leaving that institution to which they were condemned, if you will, and in which they expected to spend the rest of their lives. The problem of mental illness will require a vast amount of study, research and the expenditure of large sums of money.

Hon. members of this house frequently ask the government to cut down expenditures and yet we always seem to be hollering for it to spend more money. I would suggest, however, that there be absolutely no cutback in grants to provinces, universities and health organizations of any kind that are furthering the cause of research into any of the sicknesses and illnesses that plague our people at the present time. I would make a special plea that the grant for research and study in the field of mental illness be greatly increased

because it is one of our greatest problems today and it looks as though it will be a continuing problem of increasing proportions unless some drastic action is taken.

Therefore, Mr. Chairman, as I said we shall go into the minor details of the huge expenditure contained in these estimates. We shall study the estimates as we go along, but I should like to emphasize this. I hope the Department of National Health and Welfare will do absolutely nothing, in the way of curtailing expenses, to interfere with grants to the provinces, to universities and to health organizations in any plans they may have that bring promise of winning the battle in the prevention of disease and sickness among our people.

Mr. Halpenny: Mr. Chairman, I have been privileged to serve as parliamentary assistant to the Minister of National Health and Welfare since last August. In the brief space of less than five months I have been greatly impressed with the wide range of the department's activities connected with health and welfare, and with the way in which the work of this department reaches out to touch almost literally the lives and the way of life of almost every one of the 17 million people living in Canada.

In terms of personnel employed in this department, it is not one of the larger ones in the government of Canada. In terms of personnel employed, the establishment this year for the entire department numbers fewer than 5,000, which is only about three per cent of the public service taken as a whole. It does not compare in size, Mr. Chairman, therefore, with the giant establishments of national defence, post office, veterans affairs, transport or the finance department. The entire department actually employs only about half as many people as the national employment service and the unemployment insurance commission.

On the score of budget and expenditures, however, this department is one of the largest and most important of all departments in the public service, with a budget that will this year run somewhere close to $1 billion. This is true when supplementary estimates and additional expenditures arising out of recent legislative changes are added to the $918 million published in the blue book of estimates at the beginning of the current year. Only national defence, with a budget of almost $1¾ billion, and finance with a budget of $1,150 million, exceed the total size of the annual budget of expenditure of the Department of National Health and Welfare for the current year.

Perhaps the most outstanding feature of this budget of close to $1 billion is that only $75 million requires to be voted by parliament. The balance of the $925 million consists of statutory items, where the authority for the expenditure is written into the legislation itself. It continues from year to year as long as the legislation remains on the statute books and consequently an annual appropriation is not required to be voted by this house.

I should like to repeat these two figures, Mr. Chairman, because I doubt whether many members realize how large a proportion of the expenditures of this department is dependent upon the annual procedure of voting the estimates in this house. The sum of $925 million, or roughly 92.5 per cent of all the funds required by the Department of National Health and Welfare this year, is provided automatically by the statutory authority contained in the legislation which this department administers. Only $75 million, or 7.5 per cent of total expenditures, requires to be specifically voted by this parliament.

What I have just said with reference to the small percentage of this department's estimates requiring a vote of parliament does not in any way lessen the importance of close and detailed scrutiny by the members of this house when the estimates come up for consideration. In offering our comments and criticisms with respect to the estimates of this and other departments we are discharging our responsibilities as elected representatives of the people, sent here to ensure the wise and proper administration of the funds which are taken from the people by way of taxes and provided to the various departments to enable them to carry on the administration of the public services of the country.

Since this is the first occasion when this new parliament has had an opportunity to consider the estimates of the Department of National Health and Welfare, and since there are so many newly elected members of this present parliament, one might have thought that the work of the department and the programs which it administers would require a good deal of explanation and elaboration at this time. However, the fact is that while the estimates in the formal sense come before this parliament now for the first time for detailed discussion, most of the programs administered by the department have already received a good deal of the attention of this house in the weeks that have elapsed since we first met here on October 14. In fact, the second thing that impresses me as I examine the estimates of this department is this: already, within the short space of two months, the new Conservative administration, under the leadership of our present Prime Minister, has

introduced and obtained the passage of amendments effecting major improvements in social legislation now on the statute books of this country. It took almost 20 years for the previous Liberal administration to place on the statute books such enactments as the Unemployment Insurance Act, the Old Age Security Act, the Old Age Assistance Act, the Blind Persons Act, the Disabled Persons Act and the Unemployment Assistance Act.

Mr. Lesage: What about family allowances?

Mr. Halpenny: We will forget that just now. I must tell you something. You have been up in this house about 30 times. This is my first time up. Will you lay off, or I will have to interrupt you some day.

It took only two months, Mr. Chairman, for this government to effect important and far-reaching changes in all of this legislation. We have amended the Old Age Security Act to raise the amount of benefit from $46 to $55 a month and to reduce the residence requirement from 20 to 10 years. We have made similar changes in the Old Age Assistance Act, in the Disabled Persons Act and in the assistance given to the blind people. These changes have brought great comfort and satisfaction into the lives of over 900,000 aging and handicapped men and women in all parts of Canada. Through the Unemployment Assistance Act, passed only this week, we have offered a much larger measure of financial assistance to the provinces which will have the effect of improving the standards of relief and services to needy persons in many parts of Canada, because it will place the provinces, and particularly the municipalities of this country, in a much better position than before to deal generously with the needs of these unfortunate people.

Here we have no fewer than five pieces of legislation, Mr. Chairman, all of them administrated under the direction of the Minister of National Health and Welfare, touching directly the lives of over one million people in this country; I think it is to the very great credit of this administration that in the short space of two months with all the difficulties involved in taking over the reins of government after 22 years in opposition the first priority on the time and attention of this new parliament has been the amelioration of the lot of our senior citizens, our aged blind and disabled and needy persons. This is a very striking demonstration, Mr. Chairman, that the present administration is close to the people, responsive to their needs and gives first priority as a good government should to the human and social needs of the people to whom it is responsible.

The five pieces of legislation to which I have referred are not, of course, the only ones on which the government has taken action or with respect to which it has announced its intention of taking action in the very short space of time since it took over the reins of office. The house has already debated and approved a very important measure for the extension of seasonal benefits in connection with unemployment insurance, a social measure which lies outside the scope of the Department of National Health and Welfare but which none the less is an important item in the list of accomplishments in the social welfare field during the present session of parliament.

Another important announcement concerning changes in the six-provinces requirement in the Hospital Insurance and Diagnostic Services Act has also been made by the Prime Minister during the course of the current session. Since this is the last day on which the house will be sitting during the calendar year 1957, I think I am safe in assuming that this important change in the hospital insurance legislation will not be brought down until some time early in 1958. Its introduction and passage will furnish still one more example of the rapid forward strides that have been made in the field of health and social legislation under the new administration.

I should like to say as one member of the house, Mr. Chairman, that on the basis of the record I have outlined I think the new government is to be heartily commended for the creditable record it has achieved, particularly in the health and social welfare fields, and for the almost unbelievable speed with which it has acted in these matters. To record our satisfaction with these accomplishments is not, however, to suggest that our work is finished. As we examine in detail the work of the Department of National Health and Welfare, we will no doubt find other areas, both in the administrative and legislative fields, for changes and improvements.

One of the most important and valuable programs undertaken on the health side of the department is that represented by the national health grants. Through this program more than $35 million is made available in support of the health services and facilities of the provinces of Canada.

Mr. Martin (Essex East): Is it not $48 million?

Mr. Halpenny: It is $35 million right now and it will be more next year but I am talking about 1957.

Mr. Martin (Essex East): The hon. member said "available". I think it is $48 million available and perhaps $35 million has been spent.

Mr. Halpenny: Thirty-five million or $36 million has been spent, somewhere around there, and there is approximately $45 million available. Time does not permit an examination now of the many and varied phases of this program, but one of the problems to which we shall undoubtedly have to give our attention in the years ahead is the relationship of these grants to the new hospital insurance program which will come into effect in 1958 in some provinces and in 1959 in others, and which will have a very real but as yet unpredictable influence on the total structure of health services in this country.

To illustrate the connection between the national health grants program and the hospital insurance program, I need only refer to the fact that the major item in the national health grants program consists of hospital construction grants through which the federal department endeavours to stimulate the building of additional hospital beds to meet the demands which hospital insurance will undoubtedly create. One other important area of program on the health side of the department is that represented by the Indian and northern health services items in the estimates. I referred in my opening remarks to the fact that only $75 million in the estimates of this department is subject to an actual vote of parliament. I might have mentioned at that time that approximately 25 per cent of this total is represented by the salary item in the department as a whole; and likewise, to provide an indication of the relative importance of this item in the expenditure of the department, I should point out that the Indian, Eskimo and northern health services items taken as a whole represent about 25 per cent of the total amount which parliament is asked to vote in the estimates of this department.

May I at this time, Mr. Chairman, take the opportunity to express best wishes for Christmas and the new year to you, to your associates, to the officers of the house, the page boys, the stenographers, the members of the press, of whom there are not too many present at this moment, and to each and every member of the House of Commons.

Mr. Beech: Mr. Chairman, I rise to make some comment on the attitude of the hon. member for Essex East with regard to the $1,000 grant towards the capital cost of the construction of hospitals. It seemed to me that he was satisfied that this was a generous amount. I want to say that the hospital of which I happen to be a director is currently putting on a campaign to raise funds for an addition. When I see the canvassers going from door to door, alienating their friends and spending their valuable time in order to get a few extra dollars for this construction program, it seems to me that a grant of $1,000 a bed is a betrayal of these people. I sincerely hope that the government is going to take a more realistic attitude in the matter of grants for hospital construction.

Mr. Barnett: Mr. Chairman, I should like to say a few words before the item carries. If I understood the minister correctly, when we began the discussion of the estimates of the department he indicated that he was going to follow the bad example of his predecessor and was not going to give us an outline of the activities of the department or of his plans for the future. While there may have been some reasonable excuse for the former minister not having done so in recent years on the ground that over a period of years he had made a good many statements and that as he had no new plans to offer it would simply be repetitious if he were to do so, nevertheless it came as a bit of a surprise to me that, with the bold, new government to which the minister belongs, according to statements he and others on the treasury benches have made, he did not see fit to give us some indication of just how the new broom was going to sweep clean. Perhaps after listening to the suggestions and comments made by members like the hon. member for Winnipeg North Centre the minister may see fit to give us some indication before his estimates are carried as to just how we are going to see the new broom in action.

I noticed that the parliamentary assistant gave us quite a resumé of the legislation that had been put on the statute books by the former administration over a period of 22 years. He said what all of us in the house know, that certain amendments have been made to some of these acts since this session began. However, when some of us have the opportunity of assessing just how these amendments are working out perhaps we can be excused for not being quite as enthusiastic with regard to them as was the hon. member for London.

I have no desire to enter into an extended discussion of the subject. However, I should like to make it quite clear, along with other members from the province of British Columbia, that the delay and the silence with respect to when national hospital insurance is going to become effective in our province,

referred to by some other speakers, are something about which we are concerned.

According to some reports I have seen in the British Columbia press we have the prospect that our provincial administration may be going to carry out some retrenchment of expenditures in this coming year. It is reported that one of the reasons for that retrenchment is some decline in the revenues that come from our provincial sales tax from which, as the minister knows, the expenses of our hospital insurance services are defrayed. If that is the case, then of course the minister will appreciate the fact that some of us at least in British Columbia are going to have a greater concern as to the future progress of our hospital system in British Columbia than perhaps we have had even before this time.

Any of us who have had any opportunity of a connection with any local hospital board in the province of British Columbia know that our local hospital boards in that province have been labouring under very serious difficulties in maintaining adequate services because of the financial limitations that are being imposed upon them by the provincial administration. For that reason we are more than ever concerned that the financial assistance that is provided under the act that we passed in this house should become available in our province at the earliest possible date.

I am not going to say any more on that subject except that I know the suggestion just made by the hon. member for York South is one which those of us in British Columbia who have seen the problems of our hospital boards there would most heartily second. On more than one occasion in previous discussions we have made it clear that because of the drastic increases in hospital construction costs that have taken place since the present figure was set we feel it to be unrealistic in that it does not bear anything like the same relationship to the costs of providing hospital beds and hospital accommodation that it did originally.

References have already been made to the fact that earlier this year we in this house passed a further increase to the old age pension. It is on record, of course, that those of us in the C.C.F. group considered that to be a step in the right direction. However, in our consideration of the estimates of the Department of National Health and Welfare, and in our assessment of the effectiveness of the activities that are carried on under the responsibility of this minister, I think we must consider such things as this particular old age pension increase in the context of the general situation in the country. While on the face of it an extra $9 a month appears to be a very welcome addition to the income of those who are dependent primarily on that basic old age security pension,—and the same would apply to some of the other pensions that were increased—nevertheless I think part of our responsibility as members of parliament is to remain alert to what is happening to that money after it goes into the hands of the old age pensioners. There have been a good many indications—in the province of British Columbia at least—that the effective value of that $9 is already disappearing to a large extent. In many of the centres one hears increasing numbers of reports that most, if not all, of that amount has already been taken up by an increase in the rents which people receiving old age pension are going to have to pay.

According to reports I have seen, approaches in this connection have been made to the provincial administration for a resumption of rental controls. But apparently our provincial administration in British Columbia has turned a completely deaf ear to any suggestions of that kind. Perhaps it is not too surprising to some of us that that should be the case, because our provincial administration in British Columbia, just as our federal administration here, seem bound and determined that they are going still to worship at the feet of the golden calf of free enterprise. Just as in this house the present administration turned a deaf ear to our pleas the other day in respect of interest rates on housing, so apparently the provincial administration in British Columbia turned a deaf ear to any suggestion for action that was put to them, at least as far as the rental field is concerned.

As a matter of fact I drew the attention of the house the other day to the effect on the old age pensioners for whom people are attempting to provide low rental housing. The effect of the action of this government in the housing field, in continuing to allow the increase of interest rates that went into effect in the last year or two to remain in effect, is that no matter how they may try to work the thing out these societies are going to have to charge increased rentals to people on the old age pension. Those affected are not only those who are renting individual quarters, the same situation applies to those who are in some of the rest homes for aged persons.

I have here a communication which I received the other day which describes just such a situation. It describes how all of the people there, who are all over 70 years of age were looking forward to having that extra $9 in order to be able to have for the Christmas holiday season some extras

that they had not previously been able to enjoy, and how they had been discussing among themselves the thought that, after the Christmas season, with their next $9 they would be able to go out and buy a few extras in the way of clothing which many of them needed badly, and how this interest and anticipation was brought to a sudden and abrupt conclusion when they received official notice that, effective January 1, their rates for room and board were going to go up by $10 a month. The net effect, of course, is that they are now going to be $1 a month less well off than they were before this parliament took the action that we took earlier this session.

These are some of the things that are happening, and these are some of the things that this present administration had better get busy and deal with more effectively than did the previous administration or they are not going to have any 22 years in which to enjoy the emoluments of office. The Canadian people, at least as I have observed them in the last few months, were roused to action. Without going into the gory details of the results of the June 10 election as far as membership of this house is concerned, by observers of the political scene who are outside this house I think it is generally agreed that actually what happened then was that the Canadian people were not voting so much for a new government as voting against inactivity and what some people have described as the complacency of the previous administration.

An hon. Member: I do not know how you could say that.

Mr. Barnett: I can say that because, as far as I am concerned and so far as any indication in this house to date is concerned, all we have got is a new version of the government we had before.

Perhaps the leader of the party to which my hon. friend belongs may have gone across Canada crying a little louder and a little harder than some of the other political spokesmen. He got elected, not because the people thought he was going to give a different kind of government but because they felt he was going to do some of the things which the other government had refused to do or at least do them in larger measure.

I may say that, while the hon. member may think the government he supports has been very kind and generous to the people with their own money in this particular session, when the Canadian people see what is happening to that generosity so far as its practical effect is concerned, and when they see the present administration is just as inconsistent as the previous administration in dealing with the fundamental economic problems of the country, then the day may not be too far away when they are going to look for a government different in kind rather than in degree. However, perhaps I am wandering a little from the discussion of the estimates of the Department of National Health and Welfare.

I have no intention of making prolonged remarks at this time but I do hope the minister will realize what is happening to these extra payments that have been going out in administering his department and that he will give us some indication of his attitude towards effective action to prevent moneys being dissipated in the manner which I have just described. I may have some other remarks to make on various items in the estimates of this department as we come to them, but I felt that this was a matter of such wide and general importance to the country that I should spend a few moments in bringing it to the attention of the house while we were still on the first estimate.

Mr. Olson: Before this first item passes there are one or two questions I would like to ask the minister. At page 1564 of *Hansard* I asked him a question on orders of the day as follows:

> How many of the provinces have indicated that they want the proposed hospitalization plan set up so that the federal government makes a specific contribution to national health and the details and administration of the scheme will be left in the hands of provincial authorities?

He replied as follows:

> —I know of no correspondence from any of the provinces to that effect.

He went on to say:

> I may be wrong. As I say, I have not had an opportunity to check my files, but if I have made an incorrect statement I will let the hon. member know.

I did not pursue the matter at that time because on the orders of the day was not the proper place in which to do it. I was not only concerned with the correspondence he may or may not have had. There have been some dominion-provincial conferences from time to time and there have no doubt also been conferences of a lesser degree between the various ministers of health and his department. I wanted this information from the minister because it seems that there has been some difficulty in getting the provinces to agree to Bill No. 320 in view of certain of the conditions attached to it.

I realize some of the provinces may have felt they could not meet the conditions required by Bill No. 320 in order to come under the act, and I know on several occasions the premier of Alberta, for example, has publicly indicated that that province is all

for the health scheme which will be of benefit to all the people but is not too happy about having the federal government seriously intruding into matters which are actually under provincial jurisdiction. As several members have indicated today, national or public health is a provincial responsibility. Furthermore I have every reason to believe the province of Quebec has voiced the same rather strenuous objection to being told what to do—perhaps not exactly that—but to meeting the conditions as set out by the federal government.

Now surely we will have to determine where the responsibility for health lies and also where we are going to get the money to pay for it. If the provinces are to be responsible for public health and they do not have the fields of taxation necessary to take care of it, then they will have to come to the federal government. Of course I will agree that the federal government should be prepared to meet some of those costs, but on the other hand if they are going to insist that the details of administration in so far as items being included or excluded are concerned being a federal responsibility, then I suggest they are very definitely intruding on provincial jurisdiction.

There are perhaps some provinces who feel that their resources are just not sufficient to meet the conditions in Bill 320. If that is the case I think this department or this government should take another look and try to come up with something which will be acceptable to more of the provinces. Some of the richer provinces can probably meet these conditions and there are certain items, I understand, which are not contained in Bill No. 320 but which are already being looked after by certain provincial governments. It seems to me on the basis of what I have heard—and I am now asking the minister for clarification—that the provinces are not too satisfied with this bill and I would like to know specifically what objections have been raised.

Mr. Carter: I have two very brief questions which I think had best be asked on this item because I have not found any other items in the estimates to which they seem related. In my riding we have three travelling clinics. They are very small boats of about 50 feet in length with a crew of two in which a doctor travels around the territory allocated to him and visits the various settlements in his district on a regular schedule. Now these travelling clinics were provided by grants from the Department of National Health and Welfare. There is a need on these boats at the present time for the provision of radio telephones. These boats, as I said, have a crew of only two. Sometimes they have to carry a nurse, and at other times they have to take a patient to hospital, and they are powered by only a single engine. We have had one or two narrow escapes due to the engine giving out, and it was only by a miracle that the people on board saved their lives. This could have been avoided had the ships been equipped with a radio telephone service which would have enabled them to contact other ships lying in the harbours nearby. On one particular occasion a doctor and a nurse had to row several miles in a small boat in very rough seas before they could get aid. I have made some inquiries about this matter, and I understand the initiative in this respect must come from the provinces, and my first question to the minister is whether any representations have been made to his department by the provincial government of Newfoundland to have this equipment provided.

My second question has to do with a certificate necessary for boats sailing to foreign ports. I believe it is called a deratization certificate. That means it is a certificate which certifies that the ship is free from rodents, and ships without this certificate are not allowed to enter certain foreign ports. Prior to confederation the provincial authority provided this certificate at St. John's but when confederation took place the province was no longer able to supply it and our ships had to go to Halifax in order to get this certificate to enable them to sail to foreign ports. Sailing all the way from St. John's Newfoundland to Halifax just to get a certificate caused tremendous inconvenience as well as extra expense, as hon. members will realize. The matter was brought to the attention of the former government and steps were being taken to have the situation remedied. My second question to the minister is as to whether these steps have been finalized or, if not, what stage of progress has now been reached.

Mr. Ellis: Listening to the parliamentary assistant speak I wondered whether he had gone through *Hansard* for the last few years looking up some of the speeches by the former minister of health and welfare, because the remarks he made had a very familiar ring. They had been brought up to date a little but nevertheless they consisted of extolling the government for the amount of money it was spending on this department, just as the former minister would have done.

I suggest, as my colleague the hon. member for Comox-Alberni has done, that there have been no changes in policy as a result of the so-called change of government resulting

from the election on June 10 last. We had hoped that with the replacement of the old government there might be some fresh approach to the question of health and welfare in Canada, but I notice that the estimates we are considering today remain unchanged; to the best of by knowledge I do not think there has been a single alteration in any one of the estimates drawn up by the minister of health in the former government.

I am particularly interested in the fate of the hospital plan. We have had provincial hospitalization in my own province for quite a number of years, and we are very proud of that plan—the first to be instituted by any government on the North American continent. We did not wait a long time after we took office, but we set out immediately to bring in the hospitalization plan at the earliest possible moment. That was done, and any pride which we have expressed, any boasting in which we might have been inclined to indulge, was done after the plan had been put into effect and after the people of the province had been enjoying its benefits. So I would suggest there is a great deal to be done by the present minister of health before he and his colleagues in the house can, for obvious political purposes, boast about what the present government is doing.

We are quite concerned about the question of tubercular sanatoria and mental hospitals, and we hope the government does not intend to proceed with the policy of giving with one hand and taking away with the other hand, and that any sums paid with respect to the hospital plan will in no way affect the general picture in so far as dominion-provincial fiscal relationships are concerned.

The hon. member for York South raised a point which I had long felt had been overlooked and ignored by the previous government, and apparently the present government is also turning a deaf ear to entreaties made in respect of it. I know the present regulations provide for a grant for capital construction of an active treatment bed of $1,000 per bed, and this grant is to be matched or exceeded by the provincial government, and in no circumstances shall the federal grant exceed one-third of the total over-all cost of capital construction. I ask the minister, since this proportion of one-third is involved, why he does not consider it advisable, and indeed necessary, to make a grant of one-third of the total over-all cost of a hospital bed? As the hon. member for York South pointed out, $1,000 per bed is a far cry from the type of assistance which the federal government ought to be granting. I have not with me at the moment the figures for the cost of construction per hospital bed in different parts of the country, but I know there are areas in Canada where it costs about $13,000 or $14,000 per bed.

In the circumstances a grant of one-third, which the regulations mention as being the maximum permissible amount which the federal government can provide, in other words a payment of some $4,000 a bed, would not be out of line, and I agree with one of the hon. minister's colleagues on his own side of the house who stated that it is nonsense to think the federal government is making any worth while contribution to hospital construction as long as it is limiting the grant per bed to a mere $1,000.

Hospital construction costs continue to rise. The former minister of health was quite prepared to turn a deaf ear to the entreaties we made over the years respecting this item, but I had hoped that the new minister would see fit to bring in increases with regard to this very important item of construction. The arguments which have frequently been made against a hospital plan for Canada are that there are not enough hospital beds to go around. We heard the same in Saskatchewan; the Liberal party in that province opposed the plan, and the most frequently used argument for doing so was that there were not enough hospital beds available to make it possible. If there are not enough beds, the obvious answer lies in hospital construction. If there are not enough beds in the provinces or in Canada we have to build them. That is the obvious answer and I presume the federal grant was designed to encourage hospital construction in Canada as the parliamentary assistant pointed out. Surely the minister is not going to suggest to hon. members of this committee that $1,000 out of a capital construction cost anywhere from 12 to 14 times that amount is a grant of a sufficient size to actively encourage hospital construction in Canada. I would hope that the minister would give serious consideration to the future program of activities to be carried on by his department.

I note that there has not been too much enthusiasm on the part of the government so a far as a national hospital plan is concerned and I think that is completely understandable. There has been a Conservative government in Ontario for a great number of years now and in spite of that fact there is no hospitalization plan in that province. I suggest that the reason the premier of Ontario decided to have his province become one of the six provinces to ask for inclusion in the national hospital plan was more out of a desire to put the former government on the spot than it was to actively promote the establishment of a hospitalization plan

throughout this country. As long as the provinces of Quebec and Ontario would refuse to participate it gave the former minister of national health and welfare what he considered an excellent excuse for going up and down the country pointing out that the Liberal government wanted to bring in a hospital plan but was being thwarted in so doing by the two major provinces, Ontario and Quebec.

Mr. Morton: May I ask the hon. gentleman a question. Does he not realize that Premier Frost had to build hospitals before he could make this announcement?

Mr. Ellis: Mr. Chairman, I will admit that hospitals are being built in every province in Canada but that has nothing to do with a national hospital plan. Hospitals are being built because they have to be built.

Mr. Morton: You cannot have a national health plan without hospitals.

Mr. Ellis: I realize that. I have read editorial opinions in newspapers in the province of Ontario by opponents of the hospital plan who argued that you cannot have a hospital plan because there are not enough hospital beds but I remind hon. gentlemen that that sort of reasoning did not prevail in my own province. We wanted to see a hospital plan in effect and so we proceeded to put one in effect. We did not talk about it or attempt to find excuses for not doing so. There is no reason why the province of Ontario, one of the wealthier provinces of Canada, could not have given the people who live in that province a hospital plan many years ago. When Premier Frost put the former government on the spot by saying, "Yes, we are prepared to go ahead," I am sure it caused the former minister of national health and welfare a great deal of acute embarrassment. Mr. Frost's attitude is illustrated by the fact that he put certain limitations on his acceptance. He did not want to bring it in right away and suggested it be done in 1959.

When the government changed I hoped that the new administration would accept the fact that there are two provinces in Canada which have had successful hospital plans in operation for a number of years and which have been urging year in and year out that the federal government fulfil its pledge by bringing in a national health insurance plan. In my own province we look upon our hospitalization plan as being the effort which the province is putting forward in order to encourage the development of a general health plan for all of Canada. We had hoped that when the federal government brought in a comprehensive national health plan we would be able to supply the people in our province with full medical health care, hospitalization, doctor care and the type of treatment all the people of Canada have a right to expect and enjoy but we have witnessed procrastination and stalling on the part of the present government. When we asked the minister whether the provinces of Saskatchewan and British Columbia which have plans in operation would be offered agreements and whether this government would make it possible for those provinces to enter the national scheme on January 1 next we received nothing but evasive answers. I suggest there is no good reason whatever why those two provinces should not be able to enjoy any benefit which might accrue from the hospital plan brought in by the former government and which, since the present government is simply continuing the policies adopted by the former administration, we presume the present government will carry through.

We in the C.C.F. look upon a hospital plan as being merely a part of a general over-all health plan to provide the Canadian people with the type of medical and health care necessary in this day and age. We Canadians boast about our wealth, our gross national product, about the number of automobiles we have and the material wealth that abounds in this country but I suggest that the real yardstick by which to measure a nation's wealth is the manner in which its federal government provides for the social welfare and health needs of the people of that country. It is not the number of people who drive big cars or the number who live in expensive homes that is important. The government must be judged on the basis of the provision of services to the people of Canada and particularly those services in the field of health and education which are so essential to our survival as a nation. I would urge upon the minister that he proceed as rapidly as possible with the implementation of the hospital plan and that he consider it as merely the first instalment on an over-all health plan to provide for the health needs of every man, woman and child in Canada.

Mr. Pickersgill: Mr. Chairman, before the minister replies I would like to put one very brief question. When he speaks would the minister give us all the examples of waste and extravagance that the Minister of Finance has been boasting about so much that he has found in his department and would he indicate by how much he has already succeeded in reducing the estimates Mr. Harris placed before parliament earlier this year?

Mr. Monteith: The hon. member for Essex East asked that question this morning. Were you not here?

Mr. Lesage: Mr. Chairman, when the minister replies I would like him to say if he intends to present additional estimates for the current year as did the Minister of Northern Affairs and National Resources.

Mr. Peters: Just before the minister speaks, Mr. Chairman, I should like to say a few words on the need for further research in two important fields. One of the major health problems confronting Canadians and people everywhere today is cancer. All of us, I am sure, personally know people who have died of cancer and, as individuals, I am sure we continually worry about the question of lung cancer. I would like the minister to tell us what research has been done by the federal government into the question of lung cancer and what the results of that research have been.

Another illness into which some research should be conducted is silicosis. In my part of the country where miners are working in hard rock we are continually plagued with the problem of silicosis. No doubt some hon. members have read in recent months that the incidence of silicosis is dropping very rapidly. The Ontario provincial government on a number of occasions has been asked to investigate this situation and it has established clinics and hospitals capable of dealing with the illness but I do not think the question of basic research into the problem of silicosis has been touched.

In my own area a number of years ago the McIntyre mine established a medical foundation for investigating this condition and they experimented with the prevention of contagion through the inhalation of aluminum dust.

It is quite true that in the hard rock mining areas that have an incidence of silica dust the rate of known silicosis has dropped quite extensively; but the miners and the people in those communities are very fearful. We are told—and this comes not from the Canadian government but from governments across the world, including the governments of Australia, Germany, South Africa and many of the other federal and national governments which have done research into this situation—that the only cure for silicosis is the prevention of silica dust in the air and that can only be accomplished by proper ventilation. I am not suggesting that our people in Canada are not worth as much as people in some of the other countries where they have this problem but I do not think we have been facing up to it.

In the years they have been mining the mining communities have spent very little on ventilation. They have been told that the research work which the McIntyre foundation did on silicosis is preventing silicosis at the present time. The miners do not agree with that. You can go into Kirkland Lake, Timmins, Noranda, Val D'Or, or any of the northern mining communities, and you will see men 50 years of age who can hardly walk down the street because of the difficulties they have in getting their breath. I would suggest that part of this problem is due to the fact that we have added to the dust in their lungs the aluminum dust that is put into the air. You might say that this is not a matter that affects the Canadian government, but I suggest that research has to be done in this field because the same problem is affecting miners from the Yellowknife and Northwest Territories and every province in Canada where there is a silica problem.

The aluminum dust is added to the other dusts that we breathe both in the mines and on the streets of the towns and to that is added the industrial dusts. To these regular dusts, you add aluminum dust. It is true that when you examine the X-ray plates they do not show clear-cut silicosis. They may show an aggravation of tuberculosis, or they may show nothing at all, but we are finding that these people are having more and more difficulty year by year in breathing and in getting blood circulation to take its proper course. They are dying very young, but their death certificates do not say "silicosis" which is a compensatory disease; they show heart trouble or some of the other pulmonary diseases which are not compensatory. I am suggesting—and it has been suggested by people more capable than I—that the aluminum dust which these mining companies are adding is increasing the problem. It is not a case of whether you want to take the treatment; you have to take it if you work in those communities.

Some hon. members may not know how this is done. In a mining operation there will be a dry room. That is a place where you hang up your clothes. You take off your good clothes in one place and you go to another room where you put on your work clothes and in this room there are a number of air lines and in those air lines they insert a small can of aluminum powder. Under pressure this aluminum powder is blown into the air and anybody walking through that air absorbs into his lungs, a certain percentage of the aluminum dust.

When we have discussed this problem with doctors who are supposed to be experts in this field and have asked them to show

us an X-ray plate which has such an accumulation of aluminum that it would be compensatory—and remember, in Germany aluminosis is a compensatory disease the same as silicosis is in our country—they have informed us they have never seen X-ray plates that had that amount of aluminum dust indicated on them. I suggest these people are taking this as a prophylactic treatment. Many of them are under the opinion that the incidence of silicosis in Canada has not decreased; it has been covered up. I think the federal government should spend more money and time on doing some research in this field. I am sure it would be possible to get X-ray plates from Germany and other countries that are paying compensation for aluminosis and in that way we could find out just what we are doing to the Canadian people when we fill their lungs full of aluminum dust rather than air. We find that the mortality rate among miners working in hard rock mines is probably just as high as it was a number of years ago. We are also finding, unfortunately, that these people are restricted in getting the compensation that would be their right under the treatment that they are now being compelled to take whether they wish to take it or not.

I also think the Canadian government should do some research into the matter of compulsory portable pensions, particularly for the basic industries of mining and lumbering. We know that the wealth of Canada probably depends to a much greater extent on the health and welfare of our Canadian people than it does on any other single commodity we have and therefore I think we should, if we can, implement an industrial type of pension plan which would allow those people to retire before they have reached the very end of the road. Then we would probably have something to help them along.

Another matter that should be studied very extensively by the Department of National Health and Welfare is nutrition. It is true that in Canada we eat as much as we wish. In the main we are not a hungry nation but we can all remember what happened at the beginning of the war. We were surprised at the vast number of people who tried to enlist for service in that war and were turned down because they were suffering from what the authorities at that time called malnutrition. In my part of the country, northern Ontario, we have both Indian and Eskimo populations. They do not live in my particular riding, but in the vicinity and they are undoubtedly suffering from malnutrition because their diets are not balanced by any stretch of the imagination. Something should be done to assist those people to get the right type of nutrition when they are young so that they will have better teeth and better health in later years.

A few minutes ago one hon. member said something about a health insurance program —the wish is father to the thought—a hospital insurance program in Ontario. From my own observations, since Premier Frost made the declaration that Ontario would embark on a hospitalization plan, I have not seen any great addition to hospitals taking place in the province of Ontario. I am sure the same thing will happen in Ontario that happened in other provinces. We do not need to wait until the hospitals are built. We need a hospitalization plan and once we get that, the hospitals will get built that much sooner. The sooner the federal government gives an impetus to the hospital insurance plan the sooner will it come to pass in Ontario.

Mr. Herridge: Mr. Chairman, I should like to make a few remarks. I will be quite brief. Personally, I want to express my admiration and appreciation of the work done by the staff in this most important department. When my wife and I visited England last summer I had the opportunity to see some of this type of work being done by authorities under the municipal, county, and government of Great Britain. On a number of occasions people with knowledge of what was being done in Canada made very complimentary references to the work being done by the staff of the Department of National Health and Welfare in this country.

In order to save time may I say that I support wholeheartedly the remarks made by the hon. member for Winnipeg North Centre, that great champion of health insurance, welfare and the needs of labouring people, the underprivileged and every underdog in the country. I also want to say that I think there is a great need for increased grants in aid for the construction of hospitals. The present grant of $1,000 a bed is completely insufficient under present conditions. I was very pleased to hear the hon. member for York South make some reference to the present situation being a betrayal of the needs of the people at this time. I urge that some consideration be given to this matter.

Prior to coming to this larger sphere of activity—I am not sure of whether it is of influence as far as I am concerned—I was for 20 years a member of a hospital board. I can remember that when we opened our hospital years ago I had the pleasure of taking the present prime minister of Great Britain through the hospital and showing him all its magnificent equipment and

modern up-to-date arrangements. I think there were three bedrooms with three beds and six chairs. He was then Captain Harold Macmillan of the Grenadier or Coldstream Guards—I am not sure which—and he was military aide de camp to the Duke of Devonshire. Anyway I will not forget that on that occasion the Duke of Devonshire and Captain Macmillan had occasion to make short speeches and they really patted us on the back. Ever since that time I have been most interested in hospitals.

I do urge that serious consideration be given to increasing these grants. There is a growing need and increasing difficulties are being experienced by local hospital boards and authorities. I am confident that only through the government increasing the grant can we be assured of getting the hospital beds that are required.

I shall make a brief reference to another question. I had occasion recently to have two of the department's publications come over my desk and I was very pleased to get them both. One is a synopsis of the services for the aged in Canada, issued by the research division of the department. I think it is a most excellent synopsis of what is being done by the department and I suggest that any member who is interested in obtaining a good synopsis of the history of the matter and the legislation that the department administers should get a copy of the document. The other one is a synopsis of planning for the aged in Canada issued by the director of the research division of the department. I received it in response to a query as to what was being done with regard to studies in connection with the aged so far as the department is concerned. I would also recommend that members who are interested in this question secure a copy of the document from the research division of the department.

That brings me to another point. I noticed that recently the first Ontario conference on aging was held and I mention it because I have always been very interested in the question. I have seen so many people spend a good number of their latter years without any real enjoyment and in many cases quite unnecessarily because of lack of proper diet or in some cases minor medical or hospital treatment. I was very pleased to see that such a conference had been held and I just want to mention its two main objectives. They are set out in an article in the December issue of *Canadian Labour* published by the Canadian Labour Congress.

The two main objectives of the conference were: (1) to find out what the problems of the aging in Ontario actually were, and how to go about finding solutions for them, and (2) to provide an opportunity for those working in this field to learn of each other's activities and discuss coordinated plans for the future.

The program was designed to cover five main aspects of aging: (1) Cost of living and retirement income; (2) Housing and living arrangements; (3) Community services; (4) Employment, unemployment and retirement; and (5) Care, treatment and rehabilitation in hospitals and homes.

I think the agenda of the conference and its purposes were very well organized and I suggest that the Department of National Health and Welfare should use all its influence to get this sort of work going in other provinces and supply whatever assistance it can. I am sure if we get a sufficient number of people to understand the problem and secure co-operation at the local level our provincial and federal plans to assist our older folks, as I like to call them rather than senior citizens, will be very much advanced and improved.

I am tempted by the somewhat tempestuous remarks, shall I say, of the hon. member for London, on the occasion of his first speech in the house, to mention a letter that I received this morning indicating what needs to be done yet in order to care properly for the requirements of our older folks. Incidentally I thought the hon. member took a rather boastful approach to the situation. I believe in giving credit where it is due. The present government has done some worth-while things during its short time in office and I give them credit for it but it must be remembered that the work that has been done is laid on foundations established by the previous government over a great many years—

Mr. Hodgson: Too many years.

Mr. Herridge: —the mortar and bricks for which were largely supplied by the members of this group.

Mr. Bell (Carleton): What about our Social Credit friends?

Mr. Knowles (Winnipeg North Centre): Just a little straw.

Mr. Herridge: I give them credit too. I think on occasion I have heard them say something on this subject throughout the years although it was so faint that my memory fails me at this time. The letter I received this morning comes from a gentleman in Port Hope who is very concerned about the conditions in some of the homes provided in Ontario for our older folks under a Conservative government. He refers to one home. I shall not mention the place but there has been an investigation and a report. He points out in his letter that the federal government provides $3 a day for the maintenance of immigrants, and no one is objecting to that because we have got to care for them, but only 17 cents per meal is provided for the care of these people in

this home. He mentions that there are four to nine persons in a bedroom, that there is absolutely no privacy and that the $9 increase in old age security or old age assistance has been collared by the people who run the home with the result that the poor old folks have not benefited to any extent at all.

Mr. Beech: Is that a private home?

Mr. Herridge: I am not sure whether or not it is. I will show the hon. member the letter if he would like to see it. The writer does not say but he complains very bitterly about it. The letter comes from Port Hope. In another letter I have received he mentions the unfortunate conditions under which some of our old people have to live in the homes provided for them. A week or two ago I visited some friends who come from Russell, I think it is, and they were telling me of the situation in that county with respect to the care of older people and the things that need to be done before they are properly provided for.

I mention this just by way of illustration and rather as a counterbalance to the rather bumptious remarks of the parliamentary assistant and to show that there is a great deal more to be done. I urge the minister and his officers to do what they can to increase the study of the problems of the aging, to develop wider understanding and greater co-operation throughout the country with a view to getting the support of people and worthwhile organizations in the smaller communities for the efforts of provincial and federal governments to do something to improve the present situation and achieve the objectives that have been laid out by the first conference on aging held in Ontario.

Mr. Fisher: The first matter I wish to draw to the attention of the committee is in relation to the building in Ontario of a number of new homes for the aged and the difficulty these people have in recovering the sales tax refund through the channels, I believe, of the Department of National Revenue. I should like to put on the record an analysis of the situation made last January by the then hon. member for Port Arthur, Mr. Howe. In referring to this matter he said:

> The trouble seems to lie in the fact that section 47 of the Excise Tax Act was never really intended to apply to the construction of new institutions. It is worded in such a way as to make it clear that it is intended to deal essentially with institutions that are already in existence and that are operating on the basis of a clearly established policy.

Then Mr. Howe went on to state how the institution qualifies and he wound up with this statement:

> It would appear that the only solution to this problem may be to obtain an amendment to the Excise Tax Act. Changes in this act are now being considered—

And he completes the letter.

I understand from the parliamentary assistant to the Minister of Finance that there has been no question of bringing in this amendment yet. I gather also from this file of correspondence that Mr. Cecile of the Ontario government has been in touch with the minister's department in connection with this matter. I just want to impress upon him that we should like to have that change made. What I mean is this. The sales tax for Port Arthur undoubtedly will be coming through. But there are going to be a number of these institutions. Our sister city is planning one. There is no reason at all why they should have to wait so long in order to get this refund and to have such difficulty about certification. This point needs to be especially made because at the present time our new home for the aged is embroiled in a controversy with our local council over this matter and it would have a much better financial position to express at the present time if it had had this sales tax refund in connection with building the institution.

The other two matters I wanted to speak about relate to physical fitness and to sport. As the minister is aware, I know, during the last war there was developed a tremendous concern about physical fitness in this country. An act was implemented that was under the jurisdiction of the former minister and there was a physical fitness division which was designed to give grants to the provinces and generally to stimulate physical fitness. A couple of years ago that just sort of petered out and as I understand it the physical fitness division in the old concept has gone. In looking at the debates at the time when the physical fitness division was disappearing, I find that the general attitude of the house seemed to be that this was legislation that did not work, that there did not seem to be any great need for it. In the interim we have had such series as a very responsible newspaper like the Montreal *Gazette* has been running recently on physical fitness of Canadians and analysing it from the point of view of the tremendous changes in our society that have created a softness and a slackness in us —through the motor car and other developments like that—that cry for a real physical fitness program in the nation.

We happen to have in Canada a great expert on physical fitness, namely Lloyd Percival, who every week for many years has put on a program on the C.B.C. I believe he has had over 500 programs now. It is designed for youngsters and young boys. There

has been a tremendous response to that program. He has had several hundred thousand letters. There have been some disturbing conclusions from his correspondence and from his investigations. I would suggest that it might be a good idea if the minister in this particular regard consult with Mr. Percival and get some sort of assurance from him. After all, he is a man who is in touch with this particular field and we seem to be lagging behind.

From a personal point of view, my hobby happens to be the history of sports in Canada. In tracing through the trouble that sports such as hockey and lacrosse have fallen on in the last 25 or 30 years we see there has been a tremendous switch in our whole attitude toward leisure. While there are some magnificent developments in the field of hunting, fishing and that sort of thing that are giving our people a real opportunity to exploit the great out of doors that we have, the fact remains that in straight physical terms we do not seem to be developing enough tough and fit people. Perhaps we can look around the house and see examples of that. Perhaps we can look at ourselves. I know the Minister of Transport has a good idea of somehow creating a small gymnasium right in the House of Commons, on the theory that we are going to continue to have more and more young members, these young keen men especially on the far side. If we had a bicycle machine and some weight lifting equipment here we might stave off a few of these heart attacks and perhaps start at this problem right at the heart of the nation, or we like to think that it is the heart of it.

The problem of physical fitness is not one that you can legislate. It comes in from many directions. It is extremely complicated. But surely the national department that embraces this matter has a responsibility that the minister could well take an interest in. I know, as soon as he does begin to take an interest in it the kind of criticism he is going to encounter. So many people, conscious of the tax dollar, look at it as a very frivolous thing on which to spend money. It does not seem so frivolous if we are as conscious of the Russian threat as we like to think we are. There is a tremendous interest now in improving our educational set-up, especially in scientific fields. Yet if any of you have ever been associated with war you have to recognize that physical fitness is the final and deciding factor in so many cases, especially in any sort of war or struggle where you have to hold ground. At the present time our young people seem to be lacking in physical fitness and certainly our middleage people in many cases are not examples to them.

[Mr. Fisher.]

Moving on from that to another aspect of physical fitness brings me into the very touchy field of sport and international sport. In Canada there is a tremendous desire amongst the people as a whole that our sporting representatives at Olympic games, empire games and any sort of team sports with which we are associated with the rest of the world we should do better. There is almost an inferiority complex which has developed in relation to the United States in this regard. If one goes back in our Canadian sporting history to before the turn of the century he will find that Canadians can be extremely proud about their heritage in that regard. Up until the late 1890's Canada used to dominate most of the sporting relationships she had with the United States. Canadians took a great deal of pride in it. I believe over $50,000 were bet on Ned Hanlan back in the 1880's when he was rowing away over in Australia. There was great concern.

All these things go to build up national pride. We saw a reflection of this when our hockey team, several years ago, took a defeat and so many people throughout the country took it as a national disaster. You have seen the recent reaction to the rather victorious Russian hockey visit. We are hurt, although we try to be good sports about it, that this thing has developed. This may seem extraneous and far away from the minister's estimates. But sooner or later if we are going to take our position in the international sporting world there must be recognition by the national government that we have a greater responsibility than we have taken in the past. There is no reason why our lacrosse teams and our other teams going abroad should perform in such a slip-shod fashion, why we should send such unfit teams and why, in the training preparatory to the games at all times, our teams have to have such makeshift arrangements.

Now in Toronto, private enterprise—with which your party is so proud to identify itself—has been doing a good job, largely sparked by the people connected with the Canadian national exhibition and there are some very promising results, but there just is not sufficient interest developed until the games are actually taking place. I think that is another aspect which the officials and the minister might keep in mind. I am sure he is not planning and will not plan to do anything about it immediately, but it does seem to me that is worthy of consideration by his department and that strenuous effort should be made to improve the prestige of this nation which means so much to us all in the

international sporting field by enlightened government support of the various facets of sport.

Mr. Monteith: Mr. Chairman, first of all I would like to join with all those who have said very kind words about the officials of this department. I walked into the office at the corner of Bank and Slater on the afternoon of August 22 and I had to inquire as to where those offices were. I had had no idea previously as I had never been in them before but I soon found myself being made feel very much at home and the assistance given to me at that time and which is still given to me today, for I am certainly very much in the learning stage, has been tremendous. I just could not have gone along without the excellent help of the splendid members of my staff.

Some hon. Members: Hear, hear.

Mr. Monteith: There are one or two questions which I think I might clear up as I go along. The hon. member for Port Arthur mentioned sales tax refunds to county homes. I would like to thank the hon. member for mentioning that subject. However, we do now certify to the Department of National Revenue on these sales tax refunds and I think it is on our certifications that action is taken. Now whether the delay is in our department or not I could not say, although I do not think it can be. When we are asked to certify, the information goes out immediately and I do not think we could be considered responsible for delay. I would also like to thank the hon. member for his remarks concerning physical fitness. I would point out that in my department we have a physical fitness consultant on the staff.

The member for Kootenay West also very kindly mentioned my staff. I might mention that the hospital construction grants, which have been mentioned by several members, are being studied, but that is all I can say in that connection.

With respect to the recent old age increase of $9, several members have mentioned that subject and I have seen newspaper items in this connection. I think all we can do is say that the cheque goes to the recipient. Certainly we give the increase to the beneficiary mentioned. While I am assuming it is the business of county home organizations, or whoever may be concerned with matters of this type, as to what they do about raising rents, at the same time I personally would be very disappointed if the beneficiary did not receive some additional amount as a result of the $9 increase.

The member for Timiskaming made some very helpful suggestions. I would point out to him with respect to cancer research, however, that prior to 1948-1949 the fundamental research on cancer was limited in Canada due to lack of facilities, senior research personnel and assured long-term support. Although national research council did allocate grants for short-term projects, applications received were not commensurate to the extent of the problem to stimulate and co-ordinate basic research. The national research council was established in 1947. Research increased rapidly and in 1948 to 1949 projects totalling 25 were started. In 1954 to 1955, 78 projects as well as 14 research fellowships were started. For 1956 to 1957 the total was 81 awards granted involving some $540,000 in addition to 17 research fellowships for a total value of $65,000. In 1956 to 1957 roughly 70 per cent of the money was provided by the Canadian cancer society and most of the remaining 30 per cent was provided by federal-provincial grants. In all, over the past nine years, a total of $900,000 has been provided in support of research through the health grants program, with an equal amount from provincial sources. It is quite an extensive program and it has been growing very rapidly.

The hon. member also mentioned silicosis and I understand that the provincial authorities actually do look after this matter but we have and will upon request make surveys. I also understand we have made a survey in Nova Scotia and I am not sure about the others but I will be happy to look into that question.

The member for Montmagny-L'Islet asked if I was going to have any increased or further supplementary estimates—

Mr. Lesage: Additional.

Mr. Monteith: Additional, yes. There will be some for Hungarian immigration medical and a transfer to do whatever is necessary for old age security.

Mr. Lesage: But not for family allowances.

Mr. Monteith: No transfer to the old age security fund.

There have been several suggestions about hospital insurance and I may come to them a little later—

Mr. Pickersgill: Would the minister answer my brief question at this time?

Mr. Monteith: Yes, I am not proposing any reductions in the estimates at this time. I do not doubt that the department might be able to find some savings somewhere along the line and I am hoping to keep a close eye on that but I am not making any motion for reduction.

Mr. Pickersgill: I think the hon. gentleman did not quite understand my question. It was not what he thought but what the Minister of Finance thought. The minister boasted several times that he had found extravagances.

Mr. Monteith: Well, you ask the Minister of Finance about that, will you?

Mr. Pickersgill: Oh, I will.

Mr. Monteith: The member for Medicine Hat inquired concerning certain matters which he considered were problems. Yes, there are some problems having to do with hospital insurance and I will come back to those in a moment.

The member for Burin-Burgeo inquired as to travelling clinics. I might mention that there has been $20,000 approved this year for a radio telephone service based on St. Anthony, Newfoundland, extending the service into Labrador. If an approach is received for a similar service on the four south coast boats already operating by the grant we will certainly be glad to look into the matter.

The hon. member also inquired as to deratization services. This matter has been brought to my attention and I will be happy to look into it and consider the matter further.

The hon. member for Comox-Alberni felt that possibly I should have made an opening statement. I do not see any particular benefit which would have been derived by my doing that. I should like to point out that five pieces of legislation have gone through the house under my sponsorship, with one more at least to come, and these have provided a fairly busy period. He said that probably a new broom might sweep clean. I think I mentioned when I first stood up that I had a particularly good staff. I am certainly finding that the department is well run. There may be some changes; I mentioned in a previous debate I was going to give consideration to a lot of things, such as the regulations under the disability act—a more considered study than possibly has been made for some little time. I have a lot of these things to look into when the house rises and I find the odd moment in which to do it.

Mr. Barnett: Mr. Chairman, when I referred to sweeping with a broom I was not referring to sweeping out some of the staff; I was referring to sweeping out some of the dusty policies of the previous administration.

Mr. Monteith: I intend to do some of that too. The hon. member for Winnipeg North Centre mentioned specifically the six provinces, and went on to inquire what we were going to do in this respect. All I can say is what the Prime Minister said at the opening of the dominion-provincial conference:

> Unless you express strong reasons to the contrary we are inclined now to recommend to parliament a change in the law to remove the "six provinces" clause and to substitute for it an earlier and more definite date for commencement of the plan.

That legislation is to go before the house as announced.

The hon. member for Okanagan-Revelstoke was concerned about research, and mental health research particularly. Our total research program this year for mental research amounts to over $500,000. That figure has grown tremendously over the years.

I rather think, Mr. Chairman, that covers most of the specific questions asked, except that there were many statements and questions put with regard to the Hospital Insurance and Diagnostic Services Act. I should like to assure the hon. member for Essex East that I am firmly of the belief that this act is going to be operative in Canada earlier than it would have been if he had still been holding this office. I believe that very definitely. We have been accused by several hon. members of delay. I do not feel there is any justification for that statement whatsoever. The act was passed—

Mr. Knowles (Winnipeg North Centre): Then show us the evidence.

Mr. Monteith: It was the hon. member's opinion that there has been delay. It is my opinion that there has not been any delay.

Mr. Pickersgill: How about a few facts?

Mr. Monteith: I am going to give you a few facts. The act was passed in 1957—it was proclaimed on May 1—and the draft forms of agreement were circulated for study together with the draft regulations. Teams of officials visited all the provinces in the course of last summer expressing desire to discuss the bill.

The dominion-provincial conference was held late in November. In the meantime there was discussion back and forth between provincial and federal officials, and then a technical conference was called for December 11, 12 and 13. Technical officials were invited to this conference from all the provinces and I may point out that representatives came from all provinces with the exception of Alberta. By the way, during the dominion-provincial conference I had discussions with the minister from Manitoba, the minister from Alberta and the minister from British

Columbia. I also had a short conversation with the premier of Saskatchewan. I have had conversations with representatives of Ontario, also, and I should like to point out that while Alberta was the only province refusing to come to the dominion-provincial technical conference early in December, I think possibly that province would have benefited if representatives had attended. At that time, many differences of opinion were ironed out, though there are one or two still outstanding. We think the act is administratively possible the way it is. I realize that there has possibly been some disagreement about that, but I do feel this last conference ironed out practically all the difficult points.

I should like to conclude at this point by stating that all the steps necessary toward the implementation of the hospital insurance act have been going forward. It is certainly going to be in operation and the provinces will be receiving federal grants, as the Prime Minister stated in the conference, "at an earlier and more definite date". I do not think I have anything further to say on the matter, but if there are any questions I shall be glad to deal with them.

Mr. Knowles (Winnipeg North Centre): Did the minister not take note of the remarks made regarding mental and tubercular hospitals?

Mr. Monteith: Yes, I have. I could say this. It stands exactly where it stood when I was asked a question a short time ago, I think. At any rate it is a matter of government policy and at this moment I am not stating what is going to happen.

Mr. Knowles (Winnipeg North Centre): Would the minister accept a question now on this point?

Mr. Monteith: Yes.

Mr. Knowles (Winnipeg North Centre): I may say that I do not have on my desk at the moment the record of the open session of the federal-provincial conference but as I recall it the Prime Minister made a statement that day with regard to mental and tubercular hospitals similar to the one he made about the six-province requirement. In other words, up until that time the government and the Conservative party seemed willing to go ahead with the idea of including mental and tubercular hospitals in this legislation but as the minister knows there is no record of what was said at the federal-provincial conference the next day.

Mr. Monteith: But there was quite a divergence of opinion later on the opening day.

Mr. Knowles (Winnipeg North Centre): Was it a divergence of opinion that changed the government's mind on this matter?

Mr. Monteith: No, I would not say that. I would simply say there was not unanimity of opinion as there was regarding the six-provinces provision.

Mr. Knowles (Winnipeg North Centre): Since the minister is talking about what happened on Monday, November 25—in other words I will not ask him what happened in the secret session—will he tell us which provinces expressed a desire for any change in the position?

Mr. Monteith: It is in the record of the proceedings of the open session of the conference.

Mr. Knowles (Winnipeg North Centre): The minister has his copy on his desk and I do not have mine here. He can answer the question.

Mr. Martin (Essex East): Before the minister answers that question, if the hon. member for Winnipeg North Centre will permit my putting a further question, I would ask this. Is this not the situation: the Prime Minister at the dominion-provincial conference announced that the government proposed to include tuberculosis and mental illness in the hospital insurance act thereby committing the federal government to sharing with the provinces the cost of these two coverages under that act, but that the Prime Minister, in contradiction of what he had said during the course of the election and what he had urged along with others when they were in opposition, said that those inclusions would take place but that any money spent by the federal government with respect to these two inclusions representing an estimated expenditure of some $68 million would be deducted from any further grants made under the fiscal agreements. Some of the provinces who were anxious to have mental illness and tuberculosis included were not perpared to accept that particular proposal. Is that not the situation?

Mr. Monteith: I am sorry, but I was examining the record of the dominion-provincial conference to see what the Prime Minister actually said on that day. As I understand the hon. member for Essex East he is suggesting that the amount which might be required to implement the inclusion of mental and tubercular hospitals would be reduced from any additional amount which might be given to the provinces?

Mr. Martin (Essex East): Yes.

Mr. Monteith: I think it is only reasonable to expect that that would happen. An amount of $70 million or so cannot be tossed around casually, you know.

Mr. Marler: It was tossed around during the election, though.

Mr. Martin (Essex East): But that was not the question put by the hon. member for Winnipeg North Centre. He simply asked if it was not a fact that the government had announced at the dominion-provincial conference a change of policy and that mental illness and tuberculosis would be included and that gave rise to much hope.

Mr. Monteith: If there was unanimity.

Mr. Martin (Essex East): I do not think the Prime Minister said "if there was unanimity". I may be wrong in that particular but in that context I do not think he used those words. In any event if tuberculosis and mental illness were included the amount given by the federal government for those two coverages would be deducted from any increase in further grants made pursuant to the fiscal agreements.

That is not what the Prime Minister said during the course of the election. That is not what hon. gentlemen opposite when in opposition said should be done and said they would do if they were given a chance to bring forward legislation. What I am saying is that having given these assurances during the election and having made these demands when in opposition the government, apart altogether from what may be the financial merits in themselves, could not reasonably take the position which the Prime Minister did take and—

Mr. Monteith: You are so wrong.

Mr. Martin (Essex East): The minister tells me that I am wrong. He always says that but he does not indicate in what particular I am wrong.

Mr. Monteith: I will tell you in a moment.

Mr. Martin (Essex East): What is going to happen? The province of Ontario is now making its preparations for its particular scheme and included in that is an insurance arrangement under its plan for tuberculosis and mental illness with a designated premium, I think, of 25 cents. Ontario does not want any change with regard to tuberculosis or mental illness. It wants to get all the money it can out of the federal government, something in the neighbourhood of $100 million. That will also be the attitude of the province of Quebec. And when Ontario gets that money in a subsequent period it will come back to the government and ask that the federal government provide grants under the hospital insurance act to cover those two illnesses. That is the position in which the government has put itself as a result of going back on the promise it made to the Canadian people.

Mr. Monteith: It has not gone back on it.

Mr. Martin (Essex East): My hon. friend says that the government has not gone back on its promise.

Mr. Monteith: It has gone back on none of its promises.

Mr. Martin (Essex East): I would like to hear the minister explain in a reasonable manner that the government intends to include tuberculosis and mental illness without any conditions, and assure us that the conditions I have envisaged will not arise.

Mr. Monteith: I am not going to say what is definitely going to happen. I am only going to explain what the Prime Minister said at the conference. He used the following words on that occasion:

> My colleagues and I have no objection in principle to introducing amendments in parliament to provide for inclusion of mental hospitals and tuberculosis sanatoria which have been estimated will cost $68 million to begin with if all the provinces come in and the cost will mount year by year but we wish to make clear that whatever is offered to provincial treasurers in this matter cannot be provided in other forms, and in particular must be taken into consideration in any revision that takes place of the Tax Sharing Arrangements Act.

Mr. Chevrier: That is clear.

Mr. Monteith: Now, wait a minute. If there is going to be an adjustment in the tax sharing arrangements act the adjustment could involve $68 million. That is all it amounts to.

Mr. Martin (Essex East): It could be that.

Mr. Monteith: That is all it is.

Mr. Martin (Essex East): But I say to my friend with great respect—and I quite appreciate the difficulties of his position—this could undoubtedly be the case but that is not what the Prime Minister of this country said in the election he would do. He said in Saskatoon on May 27, "the Conservative party still believes that hospital insurance should cover patients in mental and tuberculosis institutions". He said nothing whatever about deducting the amounts of money that this particular policy would involve from the fiscal grants. When he spoke in Massey Hall in Toronto in the presence of the premier of Ontario he indicated then his belief in hospital insurance. He said that those items should be included in that measure at the very meeting when Premier Frost himself, turning to the Prime Minister, said, "Ontario

has not had a fair deal from the federal government in the matter of fiscal grants."

Mr. Monteith: Nor had it.

Mr. Martin (Essex East): There was the man pointing to the Prime Minister who would rectify this situation and give Ontario the $100 million to which he thought that province was entitled.

Mr. Monteith: The figure $100 million was not used.

Mr. Martin (Essex East): It was used by Mr. Frost not only at that meeting but at many meetings all over the province of Ontario including one held in the city of London not far from where the hon. gentleman and I live. The people of this country were led to believe that there would be these generous fiscal arrangements and that there would be no deductions from them for any purpose whatsoever. I say to the hon. gentleman—

Mr. Monteith: You do not know what the ceiling is on fiscal arrangement adjustments.

Mr. Martin (Essex East): That may be. The ceiling is not the point.

Mr. Monteith: Yes, it is.

Mr. Martin (Essex East): With great respect, I say no. Suppose the ceiling is only $25 million, not $100 million.

Mr. Monteith: I am not going to get into that.

Mr. Martin (Essex East): I can well understand why my hon. friend does not want to. Suppose the ceiling is $25 million. What we are saying is that we were told that tubercular and mental illness would be included—

Mr. Pickersgill: Without condition.

Mr. Martin (Essex East): —without any condition whatsoever, and the Prime Minister has placed my hon. friend in a very embarrassing and difficult position.

Mr. Monteith: Far from it.

Mr. Martin (Essex East): My hon. friend can say "far from it", but the fact is that although his party advocated the inclusion of tubercular and mental illness, they are not now prepared to take that step in accordance with their promises made in the election campaign. They have added a reservation that was never present and which was offered, I am sure, after they were confronted with the financial situation in which they have got themselves and for which they must accept full responsibility.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the exchange between the hon. member for Essex East and the Minister of National Health and Welfare reminds me—and I mention it to make my point—of the reverse of the situation that we had here last spring. On that occasion it was the member for Essex East who was sitting over on the other side as the minister. He was annoyed at what he regarded as delay in connection with the passing of the Hospital Insurance and Diagnostic Services Act.

Mr. Monteith: Did you say the minister was annoyed? Oh, that one, yes.

Mr. Knowles (Winnipeg North Centre): The annoyance of the present minister reminds me of the annoyance of the former minister when the present Minister of Finance, as the member for Eglinton, moved an amendment to third reading of the bill calling for the inclusion of mental and tubercular hospitals.

Mr. Pickersgill: Without any deductions.

Mr. Knowles (Winnipeg North Centre): Without any deductions; no strings attached. It was a matter of principle. Those who were here will recall the strong speech made by the present Prime Minister, who was then the leader of the opposition, and who urged that illness was illness whether it was physical or mental, and that it was a disgraceful thing the former Liberal government was doing by failing to include mental and tubercular hospitals within the four corners of this legislation. That was the position the Conservatives took. I realize that the minister did not take part in that debate—his interests were in other subjects in those days—but his colleagues did. They took the position very strongly that as a matter of right and as a matter of principle mental and tubercular illnesses should be included with other illnesses in this particular legislation.

My hon. friend, the hon. member for Essex East, has already referred to the stand taken in the campaign. He quoted from what the Prime Minister said at Saskatoon and referred to what he said at Toronto. Let us look at the report of his speech in another of our major cities which will make it clear. According to the Winnipeg *Tribune* of May 14, 1957, the Prime Minister said that:

> The Conservatives would repair a "serious omission" in the federal health plan which does not include tubercular and mental institutions.

There was no question about it last session; there was no question about it during the election campaign, where the Tories stood. They stood for the inclusion of mental and

tubercular institutions. I go further, Mr. Chairman. Along with their stand on mental and tubercular institutions, they took a similar stand regarding the removal of the six-province requirement.

Let us get down to this present session. As has already been pointed out, at the start of the session there was silence on the part of the government regarding hospital insurance; but in response to questions on the orders of the day and in response to our presenting a motion of no confidence on this matter, statements got made. Mr. Chairman, up until Monday, November 25, statements made by the government on these two issues, the removal of the six-province requirement and the bringing in of mental and tuberculosis hospitals, were on the same plane. They were both matters that the government was prepared to consider; they were both matters the government was prepared to discuss with the provinces; they were both matters the government was prepared to put on the agenda of the federal-provincial conference that met on November 25 and 26.

I come now to November 25. The Prime Minister said to the federal-provincial conference that the government had no objection in principle to making these two changes, but as the hon. member for Essex East has pointed out, one of them that day for the first time had a string attached to it; namely the inclusion of mental and tubercular hospitals. Therefore, as has been pointed out, some difference of opinion arose amongst the provinces on that day. I confess some of us wonder whether the string was put there deliberately so that one or more of the provinces would take a second look at this proposition. As a result of that, as a result of what happened on Monday, November 25, we have had a different picture ever since. Since that time the willingness to withdraw the six-province requirement still stands. It gets mentioned every once in a while when we ask questions about it or have occasion to do so. But this matter of including mental and tubercular hospitals has now become one of those mysterious matters of government policy on which no statement can be made. Why the difference? Why is it that both of these matters were on the same plane and treated in the same way up to November 25, but since then, one of them is something about which there is going to be legislation, namely the removal of the six-province requirement, but the other is one of those mysterious matters about which there has to be an announcement of government policy if and when the government considers taking up the matter. Mr. Chairman, it looks very clear to some of us as though this whole idea that the Conservatives made the subject of an amendment to the third reading of the bill last spring, which the Conservatives made so much of during the election campaign, which the Conservatives took to the federal-provincial conference, has been droped so far as this government is concerned.

We contend, Mr. Chairman, that that is a betrayal of election promises, a betrayal of commitments made to the people and of the stand they took in this house during last spring and that they had better consider this very seriously before it breaks them altogether.

There has been an announcement made that there will be legislation to remove the six-province requirement. I do not know why this has not been introduced before this. Other items not as important have reached the order paper. Why has not this one been put on the order paper? But since it has not been put on the order paper it gives the government a chance, when it does bring down those proposed amendments to the Hospital Insurance and Diagnostic Services Act, to include in the amendment two provisions, one the removal of the six-province requirement and the other the inclusion of mental and tubercular hospitals. I call upon this government, if it wants the Canadian people to have any confidence in the stand it took when it was in opposition, if it wants the people to have any confidence in its election promises, to get back on the rails so far as this important issue is concerned.

The Chairman: Is item 249 agreed to?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, there were some other questions that the minister did not have very much to say about. When he was speaking about the studying of the hospital grants, I believe he said in reply to one member that hospital grants were being studied. Did he mean by that that consideration was being given to increasing the amount of the grants?

Mr. Monteith: All I can say, Mr. Chairman, is that consideration is being given to their adequacy.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I did not hear what the minister said.

Mr. Monteith: I said that consideration was being given to their adequacy; a study is being made.

Mr. Ellis: Has the minister personally considered the matter?

Mr. Monteith: I made my answer.

Mr. Peters: With regard to the aluminosis problem, would the minister have the research department obtain some X-ray plates which we understand can be obtained from places where payment is made for aluminosis so that they can be used as a basis of comparison in Canada? We understand that they are available in Germany and if they were obtained we could use them for purposes of comparison.

Mr. Monteith: I would certainly be very happy to look into the matter.

Mr. Knowles (Winnipeg North Centre): The minister repeated today the assertion that the Hospital Insurance and Diagnostic Services Act will be in operation sooner under this government than it would have been had the Liberals stayed in power. I suppose that is what one calls a moveable feast. Can he be more precise?

Mr. Monteith: Not at the moment.

Mr. Pickersgill: He means the 31st of December instead of the 1st of January.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, at last we know when the Liberals intended to have it in effect.

Mr. Pickersgill: You always knew that.

Mr. Knowles (Winnipeg North Centre): What year?

Mr. Pickersgill: January 1, 1959.

Mr. Knowles (Winnipeg North Centre): We have it on good authority now that the Liberals had planned to have it in effect by January 1, 1959.

Mr. Martin (Essex East): May I point out that the act is now in effect. The act is in the law. It rests with the government to implement it and to make agreements with the provinces.

Mr. Knowles (Winnipeg North Centre): I was using the words "in effect" in the same connotation as the hon. member for Bonavista-Twillingate was using them. After all, he and I, like the hon. member for Essex East, know that the law is on the statute books and has been proclaimed but it is not in operation. No money is being paid out under it, and from what the hon. member for Bonavista-Twillingate says it was the intention of the Liberals that money would start to be paid out by January 1, 1959.

Mr. Pickersgill: Provided six provinces had come in.

Mr. Martin (Essex East): He did not say that.

Mr. Knowles (Winnipeg North Centre): What did the hon. member for Bonavista-Twillingate say?

Mr. Pickersgill: I would be delighted to repeat it. I said December 31 instead of January 1, and that is all I said.

An hon. Member: What year?

Mr. Ellis: 1970.

Mr. Knowles (Winnipeg North Centre): Now that we have a precise answer from the Liberals I wonder whether we cannot have a more precise answer from the Conservatives. Surely it is not a responsible position for the government to tell us that they are willing to remove the six-province requirement, that they are willing to pay some of this federal money to some of the provinces before there are six of them with plans in actual operation, and not give us some idea whether that can be expected by January 1, 1958, July 1, 1958, January 1, 1959 or when.

Mr. Monteith: I have mentioned several times that it will certainly be earlier than January 1, 1959. I cannot specify any other date at this time. As I told the hon. member, and I have mentioned this before, there will be an amendment concerning the matter.

Mr. Winch: British Columbia now has a plan in operation. Is there any reason why British Columbia cannot get a contribution now? I believe the amount is $18 million.

Mr. Monteith: The present act calls for six provinces and six provinces have not actually got legislation in operation.

Mr. Winch: British Columbia has. How about paying British Columbia?

Mr. Ellis: What about Saskatchewan?

Mr. Monteith: British Columbia will be able to collect earlier under the revised act than under the present act.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I will not press the point as to what date is earlier than January 1, 1959. The hon. member for Bonavista-Twillingate now says that the day before is earlier. I hope it will be a lot sooner than that. Can the minister tell us—

An hon. Member: Sit down.

Mr. Knowles (Winnipeg North Centre): It is interesting to hear these remarks from the other side of the house from members who were not here last spring and therefore are not in a position to recall how concerned their Conservative colleagues were about this legislation when the hon. member for Essex East was in charge of it. I should like to

ask the minister this question. When the six-province requirement is altered, is it the intention of the government to remove it altogether or to reduce it to some lesser number of provinces?

Mr. Monteith: I think it certainly has been stated that it would be removed altogether. The Prime Minister said in his statement that it was proposed to substitute an earlier and more definite date for the commencement of the plan.

Mr. Knowles (Winnipeg North Centre): May we take it then that if the act is amended by writing into it a definite date for the financial provisions to come into operation money will be available at that date to provinces that have plans in operation even if they are only one or two in number.

Mr. Monteith: Yes, that would be my interpretation.

Mr. Winch: Is it the intention to introduce the bill after the house reconvenes in January?

Mr. Monteith: I think I have made that statement.

Mr. Winch: Pardon?

Mr. Monteith: The statement has been made several times that it is the intention of the government to remove that clause.

Some hon. Members: Six o'clock.

Mr. Winch: Can British Columbia get its payment starting on January 1?

Mr. Monteith: Can we carry the first item?

Mr. Martin (Essex East): Carried.

Mr. Knowles (Winnipeg North Centre): Six o'clock.

Some hon. Members: Six o'clock.

The Acting Chairman (Mr. Rea): Shall item 250 carry?

Mr. Knowles (Winnipeg North Centre): What is the status of item 249? There were several members who called six o'clock.

Mr. Winch: Before you rise, Mr. Chairman—

Some hon. Members: Six o'clock.

Mr. Winch: All I want to do is to say—

Some hon. Members: Six o'clock.

Mr. Winch: —Merry Christmas and a happy new year. That is all I want to say.

Mr. Hees: We will let you say that.

Progress reported.

[Mr. Knowles (Winnipeg North Centre).]

BUSINESS OF THE HOUSE

Hon. Lionel Chevrier (Laurier): Mr. Speaker, it will not be necessary for me to ask the house leader what the business is for the session when we reconvene because he has already given that, but I do want to take this opportunity to tell the house leader how happy I have been on this side of the house to be associated with him in the business of the house in the last two months. I assure him it has been a pleasure to me to work with him in this entirely new position so far as I am concerned, and I should like him to know that the relationship has been very pleasant.

I should also like to extend to him and those associated with him on the other side of the house our very best wishes for Christmas and the new year with the hope that in the new year he will be able to give us in advance at least one week's business. I should also like to add that I hope the new year for him and those associated with him will be a most happy one in all aspects save the field of public life. I venture to hope that during the course of 1958 it will be possible for the house leader and myself to exchange positions.

I would not want to leave this happy note without telling you, Mr. Speaker, how happy we on this side of the house have been to have you preside over the destinies of parliament. You have done a magnificent job. I am sure all of us on this side would want me to say that you have performed your duties fairly and equitably, always keeping in mind the decorum that should exist in the house, and particularly in presiding over the welfare of this assembly with great equity as you have done. I should like to repeat the sentiments I have expressed to the house leader and pass them on to you and wish you a very merry Christmas and the most happy new year.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I join with the hon. member for Laurier (Mr. Chevrier), speaking on behalf of the members of this group, in wishing the season's best greetings to all our colleagues in parliament, on all sides of the house. May I also have the very real pleasure of joining with the hon. member for Laurier in the expressions that he made to yourself, Mr. Speaker. He put it very well. We have enjoyed greatly your work as the presiding officer of this house. Your good sense and your sense of humour have been invaluable. It is indeed a pleasure for us to wish to you and Mrs. Michener a very merry Christmas and a happy new year.

Mr. Solon E. Low (Peace River): Mr. Speaker, I said on the first day of the session that your good self was a very proper person for the very exalted position you now occupy, very largely because you were born in Alberta where our people have all those qualities that make good Speakers. We have appreciated your fairness and the splendid way in which you have conducted the business of the house. We are not at all disappointed with what you have done. I want to join with all the others in wishing to all our colleagues a very merry Christmas and for the year 1958 an abundance of all those good things that human beings enjoy.

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, the events of the last five minutes have illustrated, more clearly than anything else could do, what a spirit of comradeship exists here in the House of Commons. Just before six o'clock we were all yelling and shouting at each other, and no doubt a spectator in the gallery would have thought that everybody was going to go home angry. Yet, thanks to the kind words of the hon. member for Laurier (Mr. Chevrier), we are back again in our club where there really is such a wonderful feeling.

On behalf of the government may I join in the expressions of appreciation to Your Honour and wish you a very merry Christmas.

I should also like to thank the members of the three other parties for their kind remarks. In particular, I should like to thank those members of the other parties, who have been responsible for dealing with me in connection with the house business, for their co-operation. We are working here in this particular session under unusual circumstances. I feel sure that those circumstances will be brought to an end—

Mr. Lesage: Hear, hear.

Mr. Green: —before very long—

Mr. Harkness: Hope springs eternal over there on the other side.

Mr. Knowles (Winnipeg North Centre): Tell us the date of the election.

Mr. Green: —but perhaps not in the way the hon. member for Laurier would wish. However, after all, we are in the hands of the Canadian people.

Mr. Marler: And you have been in opposition previously.

Mr. Green: We have a good opposition across the way now. I think they are playing their proper role in public life in Canada at the moment. However, on behalf of the Prime Minister may I extend to you all very best wishes for a merry Christmas and a happy new year.

Mr. Speaker: I have always understood that remarks in the house about the conduct of the Speaker could only be advanced by way of substantive motion. I therefore must declare those remarks about myself to be out of order.

Mr. Knowles (Winnipeg North Centre): You are overruled.

Mr. Speaker: As all of the house is out of order at the moment, I may perhaps be permitted to step out of my role as chairman and say two things. First, I want to thank all hon. members, without exception, for their co-operation and indulgence which have made it possible for me to survive my first two months in the chair. Second, may I wish all a merry Christmas and a happy and healthful new year, without distinction as to party, race or creed. Those who are free to do so will be welcome in the Speaker's chambers after we adjourn.

It being eight minutes after six o'clock the house adjourned, without question put, until Friday, January 3, 1958, at eleven a.m., pursuant to the order of the house passed on December 11, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. LAY-OFFS, ATLANTIC DIVISION

Question No. 141—**Mr. Murphy (Westmorland):**

1. How many men have been laid off in the Canadian National Railways Atlantic division since July 1, 1957?
2. How many men have received notice of lay-off since November 1, 1957?
3. Of the above number, how many men were laid off since July 1, in the Canadian National Railways shops in Moncton, New Brunswick?
4. How many men were laid off in what is known as running repairs?

Answer by: **Mr. MacDonald, Parliamentary Assistant, for the Minister of Transport:**

The management of the Canadian National Railways advise as follows:

1. The levels of employment for the period July to October for the Atlantic region are as follows:

July	17,377
August	17,431
September	17,173
October	16,549

2, 3 and 4. In a statement made in the house on behalf of the Canadian National Railways on November 4, 1957, at page 704 of *Hansard*, the management dealt fully with the matter of adjustments in the number of employees on the system as a whole, and this statement is explanatory of the situation at Moncton and on the Atlantic region generally. The statement emphasized that the management is making every effort to cushion the effect of staff reductions and to find alternative employment for those affected.

FEDERAL ASSISTANCE TO PROVINCES, 1953-57

Question No. 196—**Mr. Christian:**

During each of the years 1953, 1954, 1955, 1956 and 1957 to date, what total capital moneys were spent by the dominion government in each of the provinces of Canada?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

Expenditures by fiscal years and provinces, in respect of buildings and works, including land—construction or acquisition

(In thousands of dollars)

Province	1952–53	1953–54	1954–55	1955–56	1956–57
	$	$	$	$	$
Newfoundland	9,133	6,685	8,132	8,624	12,922
Nova Scotia	28,261	26,633	25,048	19,547	23,063
Prince Edward Island	2,147	2,461	1,500	2,639	2,061
New Brunswick	10,673	12,761	18,156	35,616	33,282
Quebec	83,211	64,659	43,401	43,416	42,809
Ontario	133,304	77,824	55,946	67,555	76,691
Manitoba	24,778	20,658	13,697	23,351	19,926
Saskatchewan	13,820	12,477	11,285	7,743	8,176
Alberta	38,771	42,235	33,184	30,389	42,186
British Columbia	22,877	21,524	18,930	22,451	28,204
	366,975	287,917	229,279	261,331	289,320

NOTE: There are some significant amounts which have not been allocated by provinces due to secrecy of nature, location, etc.

RESEARCH INTO QUALITY OF DURABLE GOODS

Question No. 226—**Mr. Zaplitny:**

1. Has the national research council, or any department of the government, carried out any research into the quality of durable goods manufactured in Canada and/or offered for sale in Canada, since January 1, 1955?
2. If so, under whose direction was such research carried out?
3. Has any report been submitted to the government as a result of such research? If so, when and in what form?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1. The national research council is doing research aimed at improving both processes and products for a wide variety of Canadian industries. No research is being carried out into consumer standards or questions of quality control.

2. Research of industrial interest is carried on in every division of the national research

council and under the direction of virtually every senior officer.

3. Yes. The annual report of the national research council, which is tabled in parliament in accordance with the Research Council Act, and the "National Research Council Review", published annually.

FISHERIES IMPROVEMENT LOANS ACT

Question No. 299—**Mr. MacEachen:**

1. How many loans have been granted by (a) chartered banks; (b) credit unions, in each of provinces of Canada under the Fisheries Improvement Loans Act?

2. Is there any record of the number of applications rejected?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1.

(a)	British Columbia	37
	Manitoba	1
	Ontario	11
	New Brunswick	87
	Nova Scotia	48
	Prince Edward Island	112
	Newfoundland	3
		333
(b)	British Columbia	52

2. No.

Questions

COAL—FEDERAL RESEARCH PROGRAMS

Question No. 300—**Mr. MacEachen:**

What programs of research, if any, are presently being conducted by any agency of the federal government into new uses for coal?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

A continuous review is made in the mines branch on the bulk use of coal. One of the most promising fields for the use of coal is in the metallurgical industry as a fuel and as a reductant in the pyro-metallurgical field. At the request of industry, briquetting tests of ore and concentrates with coal are aimed at developing intermediate or final reduction processes. Two other specific research projects have also been undertaken, one dealing with the smelting of fine particle iron ores in a cyclone furnace and the other with the evaluation of coal tar pitches for the aluminum industry.

With the future needs of Canada in mind, consideration is being given to the synthetic production of liquid fuels such as gasoline and diesel oil by the hydrogenation of coal. As part of the research program, equipment has been installed to explore the effect of radiation on the acceleration of the reaction of hydrogen and coal. This is a novel technique which has for its objective the cheapening of capital investment for hydrogenation plant by increasing the throughput of such a plant.

APPENDIX

NATO—Declaration and Communique

Ministerial Meeting of the North Atlantic Council, 16-19 December, 1957

I. declaration

We, the representatives of 15 nations of the North Atlantic Alliance, believing in the sanctity of those human rights which are guaranteed to all men of free nations by their constitutions, laws and customs, rededicate ourselves and our nations to the principles and purposes of the North Atlantic Treaty. This treaty has been in effect for nearly nine years. It was founded to protect the right of our peoples to live in peace and freedom under governments of their own choice. It has succeeded in protecting this right. Building on our experience and confident in the success already obtained, we have agreed together upon means to give added strength to our alliance.

At the end of the second world war, the armies of the west were largely disbanded. The Soviet union did not demobilize. Its expansionist policy impelled us to establish our treaty and to build up our armed forces.

We are an organization of free countries. We have learned to live and work together in the firm conviction that our fundamental unity and our combined strength are indispensable to our own security and to the peace of the world.

The meaning of our alliance is clear. We have given a solemn guarantee, each to the other, to regard an attack upon one as an attack upon all, to be resisted with all the forces at our command. Faithful to the charter of the UN we reaffirm that our alliance will never be used for aggressive purposes. We are always ready to settle international problems by negotiation, taking into account the legitimate interests of all. We seek an end to world tension. And intend to promote peace, economic prosperity and social progress throughout the world.

We continue firmly to stand for comprehensive and controlled disarmament, which we believe can be reached by stages. In spite of disappointments, we remain ready to discuss any reasonable proposal to reach this goal and to lay a solid foundation for a durable peace. This is the only way to dispel the anxieties arising from the armaments race.

The free world faces the mounting challenge of international communism backed by soviet power. Only last month in Moscow the communist rulers again gave clear warning of their determination to press on to domination over the entire world, if possible by subversion, if necessary by violence. Within the North Atlantic Treaty there is no place for the concept of world domination. Firmly believing in peaceful change through democratic means, cherishing the character of our peoples and vigilant to safeguard their freedom, we will never yield to such a threat.

For the entire world it is both a tragedy and a great danger that the peoples under international communist rule—their national independence, human liberties and their standard of living as well as their scientific and technological achievements—have been sacrificed to the purposes of world domination and military power. The suppression of their liberty will not last forever. Already in these countries there is evidence of the growing desire for intellectual and economic freedom. If the free nations are steadfast, the totalitarian menace that now confronts them will eventually recede.

Established to defend the peace, our alliance will also enble us to reach our objectives of economic and social progress. For this purpose we have agreed to cooperate closely to enable us to carry the necessary burden of defence without sacrificing the individual liberties or the welfare of our peoples. We shall reach this goal only by recognizing our interdependence and by combining our efforts and skills in order to make better use of our resources. Such efforts will now be applied particularly to the peaceful use of atomic energy and to the development and better organization of scientific cooperation.

To the many nations which have gained their independence since the end of the second world war and to all other peoples, who like ourselves, are dedicated to freedom in peace, we offer our cooperation on a basis of complete equality and in a spirit of fraternity.

Conscious of our intellectual and material resources, convinced of the value of our principles and of our way of life, without provocation but equally without fear, we

have taken decisions to promote greater unity, greater strength and greater security not only for our own nations but also, we believe, for the world at large.

II. COMMUNIQUE

International Situation

1. The aim of the soviet bloc is to weaken and disrupt the free world. Its instruments are military, political and economic: and its activities are world wide. To meet this challenge the free world must organize its resources—moral, military, political and economic—and be ready to deploy them wherever the situation demands. Our alliance cannot therefore be concerned only with the north atlantic area or only with military defence. It must also organize its political and economic strength on the principle of interdependence, and must take account of developments outside its own area.

2. In the course of our meeting we have therefore reviewed the international situation, and, in particular, the dangers to world peace arising from soviet actions and threats. In spite of the dangers of the situation which are obvious to all, the USSR has made no real contribution to the solution of major problems causing international tension. We have especially in mind the problems of the reunification of Germany in freedom, and the continuing anomaly of the isolation of Berlin—the capital of Germany. We renew and reaffirm our declaration of October 23, 1954 which had in view the establishment on a firm basis of the security and freedom of Berlin. The perpetuation of injustice to the German people undermines international confidence and endangers peace. At the Geneva conference of heads of government in July, 1955, the USSR leaders took a solemn commitment that "the reunification of Germany by means of free elections shall be carried out in conformity with the national interests of European security'. We call upon the USSR government to honour this pledge.

3. We have reviewed the situation in the mideast. In line with the peaceful aims of our alliance, we confirm the support of our governments for the independence and sovereignty of the states in this region, and our interest in the economic well-being of their peoples. We believe that the stability of this important area is vital to world peace.

4. We express our interest in the maintenance of peace and the development of conditions of stability and economic and political well-being in the vitally important continent of Africa. We hope that the countries and peoples of that continent who are disposed to do so will co-operate within the free world in efforts to promote these purposes. We affirm the readiness of our countries to co-operate for our part with the countries and peoples of Africa to further these ends. Historic, economic and other friendly ties between certain European countries and Africa would make such co-operation particularly desirable and effective.

5. In the course of our review of the international situation we have given consideration to recent serious events in Indonesia. We view them with concern.

The Working of the Alliance

6. The strength of our alliance, freely concluded between independent nations, lies in our fundamental unity in the face of the danger which threatens us. Thanks to this fundamental unity, we can overcome our difficulties and bring into harmony our individual points of view. In contrast, as events in Hungary have shown, the soviet bloc is held together only by political and military coercion.

7. Although progress has been made, further improvement is needed in our political consultation. We are resolved to bring this about. Our permanent representatives will be kept fully informed of all government policies which materially affect the alliance and its members. In this way, we shall be able to draw fully on each other's political experience and to ensure a broad co-ordination of our policies in the interest, not only of the alliance, but of the free world as a whole.

In addition, to strengthen the cohesion of the alliance, the permanent council and the secretary general should ensure effective consultation, including, where necessary, procedures of conciliation at an early stage.

Disarmament.

8. We recall that in the course of this year, the western countries taking part in the London disarmament talks put forward to the USSR, with the unanimous agreement of NATO, a series of concrete proposals providing, subject to effective controls:

For reduction of all armaments and military forces;

For the cessation of the production of fissionable material for weapons purposes;

For the reduction of existing stocks of nuclear weapons;

For the suspension of nuclear weapons tests;

For measures to guard against the risk of surprise attack.

9. We note with regret that these various proposals, which would halt the armaments

race and add to world security if they were accepted, were rejected en bloc by the USSR, although they had been approved by 56 members of the UN.

10. We regret that the USSR has brought about a deadlock in the disarmament negotiations by declaring their intention to boycott the UN disarmament commission which had been extended, by a strong majority of the general assembly, to include 25 nations.

11. We denounce soviet tactics of alternating between peace propaganda statements and attempted intimidation by the threat of nuclear attack.

12. We deplore, also, that the leaders of the USSR do not all the soviet populations to be impartially informed and enlightened by the services of the UN at the same time as the populations of other member countries, as to the danger of destruction to which all peoples would be exposed in the event of general war. A resolution to this effect was adopted in November, 1957, by the general assembly of the UN by 71 nations against 9 nations of the soviet bloc.

13. We emphasize that, in order to be effective, any disarmament agreement implies adequate international control, that the acceptance of such control is the test of a true desire for peace and that the USSR refuses to put this principle into practice.

14. We have decided to establish a technical group to advise on problems of arms control arising out of new technical developments.

15. In spite of the successive setbacks given by the USSR to the cause of controlled disarmament and of peace, the NATO council will neglect no possibility of restricting armaments within the limits imposed by security and will take all necessary action to this end.

16. We state our willingness to promote, preferably within the framework of the UN, any negotiations with the USSR likely to lead to the implementation of the proposals recalled above.

We are also prepared to examine any proposal, from whatever source, for general or partial disarmament, and any proposal enabling an agreement to be reached on the controlled reduction of armaments of all types.

17. Should the soviet government refuse to participate in the work of the new disarmament commission, we should welcome a meeting at foreign ministers' level to resolve the deadlock.

NATO Defence.

18. The soviet leaders, while preventing a general disarmament agreement, have made it clear that the most modern and destructive weapons, including missiles of all kinds, are being introduced in the USSR armed forces. In the USSR view, all European nations except the USSR should, without waiting for general disarmament, renounce nuclear weapons and missiles and rely on arms of the pre-atomic age.

19. As long as the USSR persists in this attitude, we have no alternative but to remain vigilant and to look to our defences. We are therefore resolved to achieve the most effective pattern of NATO military defensive strength, taking into account the most recent developments in weapons and techniques.

20. To this end, NATO has decided to establish stocks of nuclear warheads, which will be readily available for the defence of the alliance in case of need. In view of the present soviet policies in the field of new weapons the council has also decided that intermediate range ballistic missiles will have to be put at the disposal of the supreme allied commander Europe.

21. The deployment of these stocks and missiles and arrangements for their use will accordingly be decided in conformity with NATO's defence plans and in agreement with the states directly concerned. The NATO military authorities have been requested to submit to the council at an early date their recommendations on the introduction of these weapons in the common defence. The council in permanent session will consider the various questions involved.

22. Recognising the rapidly growing interdependence of the nations of the free world, we have, in organizing our forces, decided to bring about closer co-ordination with a view to ensuring that each NATO member country makes its most effective contribution to the requirements established by the alliance. Better use of the resources of the alliance and greater efficiency for its forces will be obtained through as high a degree of standardisation and integration as possible in all fields, particularly in certain aspects of air and naval defence, of logistic support and of the composition and equipment of forces. We have agreed that a military conference should be held at ministerial level in the early months of 1958 to discuss progress made in these fields in the light, in particular, of the results of the 1957 Annual Review.

23. As regards defence production, we have decided, in view of the progress already made, to take further measures within NATO to promote the co-ordination of research, development and manufacture of modern weapons including intermediate range ballistic missiles.

24. The best means of achieving co-ordinated production of advanced weapons

needed by our forces will be studied as a matter of urgency. Those NATO countries whose programs have already reached a very advanced stage have offered to share with their allies significant production techniques and results of their research work in order to stimulate a truly productive effort in the defence production field.

Scientific and Technical Co-operation.

25. We recognise that in most of our countries more should be done to increase the supply of trained men in many branches of science and technology, the full development of our science and technology is essential to the culture, to the economy and to the political and military strength of the Atlantic community.

26. We realize that progress will depend on vigorous action within individual states and in particular on the devoted contribution of teachers and scientists. We must increase the provision for the training of young people in scientific and technical subjects and must also ensure that the free pursuit of fundamental research continues to flourish. Each of our governments will therefore reappraise the support being given to scientific and technical education and to fundamental research.

27. We seek to increase the effectiveness of national efforts through the pooling of scientific facilities and INFO and the sharing of tasks. We must build on the established tradition of the universality of true science. Our governments will support the international organizations doing work in this field.

28. We have decided to establish forthwith a science committee on which all of the NATO countries will be represented by men highly qualified to speak authoritatively on scientific policy. In addition, a scientist of outstanding qualifications will be appointed as science adviser to the secretary general of NATO.

29. The science committee will be responsible in particular for making specific recommendations to the council for action on a proposal by the French government for a western foundation for scientific research and on the many other valuable proposals which have been put forward by the NATO task force on scientific and technical cooperation and by the NATO parliamentarians conference.

Economic Co-operation.

30. We are united in our common purpose to promote the economic and social development of our peoples and to assist the peoples of other countries to achieve the same objective. We consider that the purpose of government in a free society is to enlarge the opportunity of the individual rather than to subordinate him to the state.

31. We will co-operate among ourselves and with other free governments to further the achievement of economic stability, a steady rate of economic growth, and the expansion of international trade through the further reduction of exchange and trade barriers.

32. We reaffirm the desirability of a closer economic association between the countries of western Europe, which we deem to be in the interest of all countries, and we will accordingly lend encouragement to the successful development of the European economic community and of a European free trade area in which full account would be taken of the interests of the less developed member countries. We attach particular importance to these initiatives being worked out in such a way as to strengthen not only the participating countries but also the relations within the Atlantic community and free world as a whole. We recognise the interdependence of the economies of the members of NATO and of the other countries of the free world.

33. We affirm the interest of our governments in an enlargement of the resources, both public and private, available for the purpose of accelerating the economic advancement of the less developed areas of the free world.

34. We have decided that the north Atlantic council, without duplicating the work of other agencies, shall from time to time, and in the spirit of Article 2 of the Treaty, review economic trends and assess economic progress, and may make suggestions for improvements either through existing organizations or by the efforts of individual countries, or in special cases by new initiatives.

35. Under present circumstances, our defensive alliance takes on a new significance. Only an intensified collective effort can safeguard our peoples and their liberties. We have, together, ample capacity in freedom to defend freedom.

36. We have taken a series of decisions which will promote greater strength and greater security not only for our own nations but also for the world at large.

96698—175½

HOUSE OF COMMONS

Friday, January 3, 1958

The house met at eleven o'clock.

BRITISH COLUMBIA

REFERENCE TO CELEBRATION OF CENTENNIAL

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I rise on a question of privilege. This is the first sitting of the house in the year 1958, which is the year in which the province from which I come is celebrating its centenary.

It just so happens that it was in the year 1778 that the first member of the white race arrived on the shore of what is now called British Columbia at a place known as Friendly Cove, on Nootka island, which is now in the constituency of Comox-Alberni. Therefore I thought it might be appropriate if I were to draw the attention of the house at this, its first sitting of this year, to the fact that this is the year in which British Columbia is celebrating its centenary.

And if I might, Mr. Speaker, I would also call the attention of hon. members to the fact that some of the high school students in my constituency have sent seasonal greetings to hon. members representing British Columbia constituencies. They were supposed to have arrived in time for Christmas, but because of delay in the mail they did not do so. So from the student council of Texada island high school we have received a greeting at the beginning of our centennial year to all members from that province, which I am sure we will all be glad to share with the other members of this house.

TRADE

OIL—RESTRICTIONS ON IMPORTS INTO UNITED STATES

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, since parliament recessed, the United States has extended its import restrictions on oil in such a way that Canadian exports of oil to the United States will be directly affected. I should like to report to the house on what has happened.

The history of these so-called voluntary oil import restrictions is brief and relatively simple. Oil producers in the United States, particularly those which do not own oil in fields outside the United States, have for some years been campaigning for restrictions on the importation into the United States of foreign oils in competition with more costly domestic production. After the Suez crisis of last winter, when oil from abroad began to compete vigorously once again in United States markets, it became evident that the position of the domestic oil producers was strong enough to secure some form of restriction on imports.

The alternatives appeared to be restriction by special act of congress or by administrative action under section 7 of the trade agreements extension act of 1955, subsection (b) of section 7 of which reads as follows:

> (b) In order to further the policy and purpose of this section, whenever the director of the office of defence mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds that the article is being imported into the United States in such quantities as to threaten to impair the national security, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

It appears that since restrictions by act of congress tend to be rigid and hard to amend, and since world oil supply and demand are characterized by rapid changes of pace and direction, the case for a flexible program of administrative restriction commended itself to the United States government. Certainly it was under strong pressure to act under the statutory provision I have just quoted.

On June 26, 1957, pursuant to section 7(b) of the trade agreements extension act of 1955, the President established a special committee to investigate crude oil imports. It consists of six cabinet secretaries, with the secretary of commerce as chairman. The first report of the committee was approved by the President on July 29, 1957. That report called for voluntary restrictions on imports into four of the five districts into which the United States is divided for purposes of oil administration; that is, to all the states except those bordering on the Pacific ocean, which together constitute district V.

I shall not go into the details of the July restrictive formula. We examined it very closely, and indeed our officials had been

very carefully analysing all the steps leading up to it. The formula did no immediate harm to Canadian oil sales. The only market which might have been affected was that in the middle western states which had developed following the construction of the Interprovincial pipe line through northern Minnesota, Wisconsin and Michigan. In fact the formula made some allowance for expansion of imports by the half dozen refineries using Canadian oil in that area, and also made some provision for new importers. We felt that while the program might restrict expansion of our sales there at some future time, it gave no cause for objection on grounds of immediate hardship. Two of our customer refineries in the area applied for and received increases in their quotas for imports, and we saw reason to believe that the program was being so administered as to avoid restriction of Canadian oil sales.

In the absence of hardship we did not protest on the principles involved, especially because it appeared that the practical alternative to this program might have been rigid statutory restriction related to an attack in congress on renewal of the reciprocal trade agreements act, which expires in 1958 and in which Canada is much concerned.

Now I turn to district V, the United States west coast. I should perhaps explain that of the three states involved, namely Washington, Oregon and California, Washington is the only one in which we have a firmly established oil market, although we did ship large quantities to California during the Suez emergency last year. The July report of the President's special committee had recommended as follows in respect of this district:

> Imports should be determined on a semi-annual basis. Pending a change in the deficit condition now pending in the area by, for example, the development of an economical means of interregional transportation, the level of imports must be such as to make up the difference between the demand and the quantity of domestic crude oil available to the area, as established by the Department of the Interior. The schedule of imports for the last half of 1957, as submitted by the companies to the director of defence mobilization appears to be slightly higher than would be called for by the foregoing formula.
>
> However, there is reason to believe that the imports for this period will not exceed 275,000 barrels per day and, consequently, no voluntary import limitations are proposed for this district at the present time. This situation should be reviewed, however, during the latter part of 1957 from the point of view of the plans of importers for the first half of 1958, in view of the fact that additional pipe-line capacity to the west coast is scheduled to become available during the first half of 1958.

In accordance with this recommendation the special committee on November 8 ordered a hearing on district V imports. The hearing was held by Captain Carson, the administrator of the voluntary oil import program, in Washington, D.C., on November 25 and 26. As the Prime Minister (Mr. Diefenbaker) mentioned in the house at the time, observers for this government and for the government of Alberta were present at that hearing. Also, informal talks were held with appropriate United States officials before and after the hearing. Although the figures of proposed imports filed at the hearing made it evident that some degree of restriction on imports into at least the southern part of district V was likely, the knowledge and understanding of the Canadian position which was shown by the United States authorities led us to hope that any such restrictions would exempt Canadian shipments.

On December 13 our representatives in Washington were informed that the special committee would recommend that so-called voluntary import restrictions be extended to district V, and that the formula to be recommended to the President was such that the three refineries in the state of Washington, along with the other major refineries of district V, would be required to reduce their imports in the first half of 1958 to a level 15 per cent below their average imports over the 1956-57 period. The three Washington refineries are of course the ones which use the great bulk of the Canadian oil normally sold in district V. The source of imports is not prescribed by the formula, but two of the three refineries have voluntarily announced their intention to continue to use Canadian oil, subject to price considerations.

The Canadian government was disappointed to learn that our sales to refineries in this area, for which Canada is the only source of supply by pipe line, were to be restricted. By contrast may I remind the house, sir, that the voluntary import restrictions in the middle west, where our oil is in direct competition with United States domestic oils, do not impede our sales there, at least for the present.

The Canadian government immediately asked that the President defer the announcement of this restrictive program for district V until we had time to put forward our point of view. The United States government did delay the announcement at our request.

Mr. Martin (Essex East): What date was that?

Mr. Fleming: It was immediately on receipt of the information, December 13, the date on which our representative at Washington received the information.

In the following week, as hon. members will recall, the Prime Minister and several members of the cabinet were in Paris for the NATO meetings, as were President Eisenhower and several members of his cabinet. Accordingly, we pressed our case in Paris. In particular I had two conversations with Mr. Anderson, the secretary of the treasury. During the second he was accompanied by Mr. Dillon, the deputy undersecretary of state for economic affairs, and other United States officials.

At that time I was able to learn in considerable detail the reasons lying behind the United States system of voluntary restrictions, and I was able to explain to them the harm that we had every reason to fear would follow if those proposed restrictions were applied to Canada. I pointed out the fact that in our trade relations with the United States at the present time there is a massive balance in favour of the United States, and that we had had other reasons to complain of the policy of the United States administration in marketing its agricultural surpluses. I expressed the hope that in the context of the NATO meeting, which was then proceeding in another building, and the emphasis there being laid on the elimination of economic conflict under article 2 of the North Atlantic treaty, the United States ministers would be able to accept our point of view.

In the discussions in Paris, which of course took place outside the NATO meetings, particular emphasis was laid on the difficulties already being experienced by Canadian oil producers. We pointed out that Alberta, like Texas but unlike California, has already been prorating its production so that no sudden flood of Canadian oil need be feared in the Pacific northwest of the United States. Those states were the natural and economic market for Canadian western oil and, in time of international emergency, those states would unquestionably depend to a very considerable degree on Canadian supplies of oil.

It seemed particularly appropriate, in the NATO context, to point out to the United States ministers the implications which seemed to us to flow from their decision to base their voluntary import program on grounds of national defence. We reminded them that in matters of defence the economic efforts of the two countries had been closely co-ordinated during world war II, and that such co-ordination had been confirmed as recently as October, 1950, at the time of the Korean incident, by a formal exchange of notes. These notes set forth certain "principles for economic co-operation", as they are called, in relation to defence; and it seemed, and still seems, to the Canadian government that the United States action in restricting imports of oil from Canada on grounds of defence runs counter to the whole tenor and purpose of these principles.

The United States ministers seemed to be impressed by the arguments we put forward. They promised to review the matter as soon as they returned to Washington later that week. However, they contended that under the plan proposed by the United States government the reduction of imports from Canada would be very small. At the same time the market situation on the Pacific coast was very precarious. They contended that prices might fall seriously at any time, and the effect would be to damage not only suppliers in the United States but suppliers in Canada and overseas. They argued that quick action might be in the interests of producers both at home and abroad.

On December 23 we learned that the United States administration was not prepared to depart from the recommendations of the special committee and felt it must announce the new import restrictions immediately. The announcement was in fact made from the White House on the morning of December 24. On behalf of the Canadian government I issued a simultaneous statement in which I said in part:

> The Canadian government cannot accept the view that there is any justification for United States limitations on oil coming from Canada either on economic or defence grounds. The Canadian government will continue to press its objections.

May I ask at this point, Mr. Speaker, for leave to table a copy of the statement that was issued at that time.

Mr. Speaker: Has the minister leave to table the statement?

Some hon. Members: Agreed.

Mr. Fleming: If it is the wish of hon. members it could be printed as part of the *Hansard* record.

Mr. Speaker: Yes. Will hon. members agree to the printing of the statement in *Hansard*?

Some hon. Members: Agreed.

[*For text of statement referred to above, see appendix "A", page 2832.*]

Mr. Stewart (Winnipeg North): Do I understand that this statement was a note of protest to the United States government?

Mr. Fleming: No, it was not a note to the United States government. It was a statement issued to the press and public following a similar press statement issued at

Washington. We had warning the day before that the United States statement was to be issued and made public, and we had our statement prepared and ready to be issued immediately theirs was issued. It was a public statement, not a note to the government.

Mr. Stewart (Winnipeg North): Was there any note of protest sent to the government, or is this a new method of conducting diplomacy?

Mr. Fleming: This was the proper form, in view of the fact that parliament was not at that moment in session, of acquainting the public with the fact that the Canadian government had been in constant communication through the normal diplomatic channels with the United States administration. Those exchanges had been going on almost continuously day by day from December 13 to December 24.

The Canadian government has not lost sight of the fact, which has been plain to all who have been involved in the discussions, that the United States authorities have sought at all times to understand the problems faced by the Canadian government and the Canadian oil industry. They themselves are faced with delicate internal problems related to oil, and they do not wish to discriminate against those other friendly nations in South America and in the Middle East which have sold and desire to continue to sell oil to the United States.

However, this recent action and, indeed, the whole basis upon which the President's special committee was established, are hinged upon the proposition that oil if not restricted would, in the words of the trade agreements extension act of 1955, be "imported into the United States in such quantities as to ... impair the national security." This, in relation to our sales of oil in the state of Washington, is in the view of the Canadian government a wholly untenable proposition. The refineries in the state of Washington were established with the actual encouragement of the United States defence authorities on the grounds that there is no local production of crude oil there, that water transportation of crude or other products in wartime is vulnerable, and that the availability of an assured supply of Canadian crude to this area by pipe line is desirable for the security of supply of the petroleum requirements of the Pacific northwestern area.

Not only does the United States action in respect of our oil make no sense, as we see it, in relation to their actual security interests, but also it appears to the Canadian government to offend, as I have already pointed out, against the tenor and purpose of the principles for economic co-operation in defence matters that had been formally agreed in an exchange of notes between our two governments in 1950 and are recognized by both governments to be still valid and in effect. Here I quote from the notes:

> It is agreed that our two governments shall co-operate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be co-ordinated for the common defence and that the production and resources of both countries be used for the best combined results.

While this exchange of notes and the principles therein set forth are drafted primarily in terms of actual scarcities rather than apprehended scarcities, the general intent is clear enough. I think it might be a convenience to hon. members, Mr. Speaker, if these notes were printed in full as an appendix to *Hansard*, if that were the wish of hon. members.

Mr. Speaker: Do hon. members agree to the printing of these notes in *Hansard*?

Some hon. Members: Agreed.

[*For text of notes referred to above, see appendix "B", pages 2833-34.*]

Mr. Fleming: Further, it seems—

Mr. Pearson: Mr. Speaker, would the minister explain again about these notes? This is a diplomatic exchange between the two governments on this matter?

Mr. Fleming: Yes. The exchange of notes occurred at the time of the Korean incident. The excerpt I have read is from the text of the notes printed in a white paper issued in the Canada treaty series.

Mr. Coldwell: Is that 1950?

Mr. Fleming: Yes, 1950. The statement was effective October 26, 1950.

Further, it seems to the Canadian government that the United States action accords ill with the communique issued at the close of the Paris meetings by the heads of NATO governments. Indeed, they were deliberating on the text of the clause I am about to read at the very time that our meetings were proceeding in another building on this subject. I have in mind in particular this statement from the communique:

> We will co-operate among ourselves and with other free governments to further the achievement of economic stability, a steady rate of economic growth, and the expansion of international trade through a further reduction of exchange and trade barriers.

And another clause in the NATO statement reads as follows:

> We recognize the interdependence of the economies of the members of NATO and of the other countries of the free world.

We have not been able so far to persuade the United States government to exempt Canadian oil from its program. In the long run we are confident that the United States will be a willing market for our oil, since their demand for oil appears likely to outrun their reserves. It would be unfortunate, wasteful, and surely unnecessary to find both countries committing themselves in the short run to restrictive practices which would be uneconomic and harmful rather than helpful to effective co-operation in time of war. In this spirit we propose to continue to press our viewpoint most vigorously in our discussions with the United States authorities.

Right Hon. L. S. St. Laurent (Leader of the Opposition): I should like to ask the minister if there has been any exchange of notes at this time over this oil question, or if the representations were confined to oral representations made through diplomatic channels?

Mr. Fleming: Mr. Speaker, if my memory serves me correctly all the communications were oral, in view of the urgent nature of the situation.

Mr. St. Laurent (Quebec East): There are no notes similar to those of 1950 which could be tabled at this time?

Mr. Fleming: I think not, Mr. Speaker. I think there were no written communications. The communications were passing back and forth so quickly that they were conveyed by oral representation in every case.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a question. In view of the fact that the minister said the matter would be pressed vigorously with the United States, does he not think that notes should be sent which could be a record of the protests that are being made, rather than just press statements? I think this is a breach of the understanding at the NATO conference. We wish to maintain the friendliest relations with the United States and to co-operate in defence organization, but it seems to me that vigorous protests in writing by way of notes should be forwarded to the United States authorities.

Mr. Fleming: I think I can assure the house that is the intention of the government.

Hon. Paul Martin (Essex East): I should like to ask the Minister of Finance whether it is correct, as was reported in a United States magazine, that Mr. Anderson told my hon. friend that the contemplated cut of 15 per cent represented the same figure which the Canadian government had in mind when it proposed that there should be a shift of Canadian purchases from the United States?

Mr. Fleming: There is not a word of truth in any such newspaper report.

Mr. Harold E. Winch (Vancouver East): May I direct a question to the Minister of Finance concerning his statement. In view of the fact that an order has been issued for a cut of 15 per cent on the so-called, and I use his own term, voluntary basis in district No. V in the importation of crude oil from Canada into the United States, has any consideration been given by the government to a restriction on the importation of refined petroleum products into Canada from the United States in order to give a greater market for our refineries in Canada, and in particular in district No. V in British Columbia?

Mr. Fleming: Mr. Speaker, I cannot say that the government has given thought to that matter in particular. We hope the United States government will see fit to modify the policy it has announced. We would naturally much rather see that course followed than to seek to follow some other "beggar my neighbour" course.

Mr. Winch: Mr. Speaker, might I ask a supplementary question. Could I ask the hon. minister whether if further negotiations fail he will give consideration to the development of our own refineries in our own country for the supplying of our own needs?

Mr. Speaker: Order. I do not think the hon. member should go on into the hypothetical future in his question.

Hon. Lionel Chevrier (Laurier): May I ask a supplementary question of the Minister of Finance. Over and above the protests to which he has referred and which he proposes to make, does the government contemplate any other action to meet the situation as it now exists?

Mr. Fleming: Mr. Speaker, the government has not given thought to any other specific action. We do hope the United States government will modify its policy in the light of the protests which have been made and which will continue to be made. We would not wish to think that resort had to be had to some other type of action. The United States is our neighbour, and we have so many interests in common that we hope the viewpoint we have put before that country will be accepted.

Hon. L. B. Pearson (Algoma East): May I ask the minister if it is not a fact that the previous action taken by the United States administration, which had the effect of voluntarily restricting oil imports into that country, excluded from such restrictions oil exports from Canada?

Mr. Fleming: Is my hon. friend referring to the action taken last summer with regard to other districts, because on that occasion imports of Canadian oil were not affected? I described that in the statement I made this morning.

Mr. Pearson: No, Mr. Speaker, I was referring to action taken earlier. I am not sure of exactly the date but it was a year or two ago. Perhaps my hon. friend will look into that matter.

Mr. Fleming: Yes, Mr. Speaker. I am not sure precisely what my hon. friend is referring to. There was a discussion in this house, as hon. members will recall, about two years ago concerning proposals which were rumoured in the United States at that time with respect to possible action. Some strong comments were made at that time in this house, but no action then taken by the United States government had the effect that the rumoured action would have had on imports of Canadian oil.

Mr. Martin (Essex East): May I ask a supplementary question of the minister. In view of the very great importance attached by everyone in this house, including my hon. friend, to this particular matter, is the hon. gentleman in a position to say whether or not he has been officially informed of certain other action contemplated by the government of the United States with regard to the importation of commodities from Canada?

Mr. Fleming: No, there has been no official communication of any kind corresponding to my hon. friend's question. I have already told the house, Mr. Speaker, on earlier occasions that when the four Canadian ministers were in Washington in October for the meeting of the continuing United States-Canadian committee on trade and economic matters there was discussion of the rumours of contemplated United States action to impose tariff restrictions against imports of Canadian lead and zinc. No action has yet been taken, but with this new year and the new session of congress we have no assurance that such action will not be taken to restrict imports of Canadian lead and zinc.

Mr. Martin (Essex East): Mr. Speaker, was that not the subject of discussion between Mr. Anderson and my hon. friend in Paris, as reported in *Newsweek*?

Mr. Fleming: I mentioned on that occasion the rumours of contemplated action on the part of the United States with respect to our zinc and lead as an additional reason why there would be strong resentment in Canada at this time against any restriction on the part of the United States against importations of Canadian oil. I pointed out to Mr. Anderson in connection with that particular situation that there were massive advantages resting with the United States in the trade between these two countries, and I urged that the United States government should take these advantages into account before it proceeded any further in the direction of restricting imports of oil from Canada.

Mr. Erhart Regier (Burnaby-Coquitlam): I have a supplementary question for the Minister of Finance. I noted that he referred to the government making vigorous protests, and it reminded me so much of the statements of the former minister of trade and commerce in this respect. I am sure the Canadian people would be most happy if the minister could inform the house in what respect these vigorous protests are different from the vigorous protests of the previous minister of trade and commerce. I am asking for this information—

Mr. Speaker: Order. The tenor of the hon. member's question does not seem to indicate that he is seeking information but rather that he is attempting to present an argument. Perhaps we might hear the question of the hon. member for Bonavista-Twillingate at this time.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Thank you, Mr. Speaker. I wish to ask the Minister of Finance if, in view of these developments, the government has given consideration to abandoning its own 15 per cent diversion policy?

Some hon. Members: Oh, oh.

Mr. Fleming: No, Mr. Speaker, this has nothing whatever to do with the policy of the Canadian government to divert from the United States to commonwealth sources purchases now being made in that country which could just as well be made in the United Kingdom.

Some hon. Members: Oh, oh.

Mr. Fleming: It has nothing whatever to do with the other United States question, and there was not a breath of a suggestion on the part of the United States representatives at any stage of these discussions in regard to the action with respect to oil having anything whatsoever to do with the policy to which my hon. friend has made reference.

Mr. W. A. Tucker (Rosthern): I would like to ask a question of the Minister of Finance with respect to this matter. Has any consideration been given to the possibility of testing the good faith of the United States government in respect to its continuous verbal

assurances of willingness to co-operate with the Canadian people and government, by asking them if they are ready to negotiate a binding treaty to that effect?

Mr. Fleming: Mr. Speaker, we already have trade and economic agreements with the United States, and we are engaged in negotiations at the present time and have been so engaged for the last two and a half months for the extension of the general agreement on tariffs and trade. These negotiations are proceeding between the United States and Canada at the present time.

Mr. Tucker: May I ask a supplementary question, Mr. Speaker. I had in mind an agreement which would be approved by the Senate and would be agreed to as actually binding the United States people, government and nation to the carrying out of such agreement which has been made verbally respecting co-operation with the Canadian government and people.

An hon. Member: What kind of agreement?

Mr. Tucker: A treaty.

Mr. Fleming: Mr. Speaker, I do not know what more chance a treaty would have of passing the United States Senate, where treaties require a two-thirds majority, than would the request which the Canadian government has made that the United States should not take the action which it is taking against Canadian oil imports.

Mr. Speaker, whatever steps the United States administration has taken in recent years in entering into agreements with Canada and other countries with respect to trade have been taken under authority conferred by congress, and the trade agreements extension act to which I have referred, the act of 1955, is an act of congress. That act expires this year, 1958, and it will be a matter of very considerable concern to this country to know what action the United States congress is going to take with respect to the extension of that legislation and the power which it confers on the executive of the United States.

UNITED STATES—REPORTED INTENTION TO INCREASE GIVE-AWAY PROGRAM

On the orders of the day:

Right Hon. J. G. Gardiner (Melville): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has the government taken note of the declared intention of United States agricultural secretary Benson of increasing by 50 per cent in 1958 the farm surplus give-away program of that country and has the government taken any steps to protest this decision?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I would accept that as notice.

MISSION TO UNITED KINGDOM—INQUIRY AS TO AMOUNT OF DIVERSION FROM U.S.

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I reiterate a question that I asked the Minister of Trade and Commerce some weeks ago. I would like to know whether he is in a position to say what amount of trade has been diverted from the United States to the United Kingdom because of the visit of the trade commission to the United Kingdom.

Hon. Gordon Churchill (Minister of Trade and Commerce): I appreciate the interest of the hon. member for Laurier in this matter of trade, but I am not yet in a position to answer his question.

Mr. Chevrier: Will the minister tell the house at a later date what amount of trade has been diverted?

Mr. Green: Don't you want any diverted?

Some hon. Members: No.

Mr. McIlraith: We don't want the Tory reduction at all.

Mr. Churchill: I am quite prepared to give all the information with regard to trade when it becomes available to me, and I shall do so at the earliest possible moment.

EXTERNAL AFFAIRS

CEYLON—STATEMENT ON ASSISTANCE GIVEN BY CANADA

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, with your permission I desire to inform the house with respect to what we have been able to do in the past week to provide emergency relief supplies for Ceylon to help the victims of the recent floods in that country, which caused widespread suffering and destruction in large areas.

In response to an appeal by the Prime Minister of Ceylon last Saturday, December 28, arrangements were made immediately to send a shipment of more than four tons of medical and concentrated food supplies, contributed from government stocks, in an R.C.A.F. North Star. The aircraft left Montreal last Sunday and is scheduled to arrive in Colombo this morning.

We were fortunate in that a Canadian firm carrying out one of our Colombo plan projects in Ceylon had a Canso aircraft available in

Colombo. It has proved useful, I understand, in flying supplies into, and evacuees out of, the flood area.

The government also offered to consider the provision of transport aircraft from R.C.A.F. stations in Europe. However, we have been informed that in view of the considerable number of transport aircraft and helicopters loaned to Ceylon by other countries, help of this sort is not required.

Early this week the Canadian Red Cross Society also received an appeal for assistance from the Ceylon Red Cross through the League of Red Cross Societies in Geneva, and has arranged to send more than $32,000 worth of medical supplies. These are being paid for out of the European flood relief fund to which the government contributed one-third, and which in 1956 was turned over to the Red Cross to administer. The Junior Red Cross is also contributing $5,000 worth of infant foods. In order to ensure that these urgently needed medical and food supplies reach the disaster areas with the least possible delay the government has made available a North Star aircraft of the R.C.A.F. which is scheduled to leave Montreal this afternoon with this shipment.

As to the possible need for further assistance, I shall, of course, inform the house in due course of whatever further action the government proposes to take, and I can give assurance to hon. members that further help to Ceylon is a matter to which we are prepared to devote urgent and careful consideration. We are following the situation closely through our acting high commissioner in Ceylon and through Ceylon's representatives here. When we have more information we will give sympathetic consideration to sending additional aid.

STATEMENT ON ALLEGED BREAKING OF DIPLOMATIC CODE BY VENEZUELA

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, may I take this opportunity to reply to a question which was addressed to me on December 10 by the hon. member for Winnipeg North Centre. On that occasion he asked me if I was in a position to make a report on the alleged breaking of the Canadian diplomatic code by the security police of Venezuela.

I have now received reports from our missions in the two countries concerned. We have investigated our security arrangements in Caracas, and I am satisfied that effective precautions to preserve the confidential character of our messages have been and are being taken, and I am happy to inform the house that I am satisfied that our code was not broken.

[Mr. Smith (Hastings-Frontenac).]

FLOODS

BEAUCE, QUE.—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Hon. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, may I ask the Acting Prime Minister if the government intends to supply aid to the region of Beauce in the province of Quebec following the disastrous floods which occurred there?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, as the hon. member knows the procedure in cases of this kind is to act upon a request from the provincial government, and as yet I believe no request has been received in respect of this particular disaster. We did receive a wire from the hon. member for Beauce asking us to send an engineer to make an investigation, and this was done at once; we have the report in the Department of Public Works.

LABOUR CONDITIONS

CONSTRUCTION OF FOREST ACCESS ROADS TO PROVIDE WINTER EMPLOYMENT

Mr. Speaker: Does the leader of the house wish to revert to motions?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, if we may go back to motions, may I recall that shortly before Christmas I announced that the government had decided to undertake during the course of this winter a number of projects in the national parks, and in the Nothwest Territories and Wood Buffalo park, that would provide employment for some 1,700 men during this season. I also stated that further studies were under way and that further announcements would be made. The government has now taken a further decision which, if the provinces wish to take advantage of it, will provide employment for an estimated 1,000 to 2,000 more men during this winter.

The government of Canada has for some time been providing assistance to the provinces on projects to improve forest conservation and forest management. In the course of the last few months, agreements have been entered into providing contributions toward capital expenditures for forest fire protection. While these agreements will be very helpful in meeting this menace to our forests, it has long been recognized that one of the primary necessities for this purpose is to provide more access roads. Access roads for fire protection would also have a substantial value for forest management. At the present juncture the construction of such roads would have a third and significant value in providing employment during this winter.

The government has therefore decided to offer to the provinces an arrangement under which it would be prepared to pay 50 per cent of the cost of construction of forest access roads where the construction is undertaken between the date of the offer and June 30, 1958. Letters were sent by me to the premiers of all the provinces yesterday outlining the terms of the proposed arrangement and asking whether they would be prepared to participate. The amount of employment involved will, of course, depend on the extent of the provincial response.

In order that there may be no delay in initiating the program, the government has decided that the supplementary estimates of the Department of Northern Affairs and National Resources for the fiscal year 1957-58 will include an additional amount of $1 million to meet expected federal costs in this regard.

For the convenience of hon. members might I suggest, Mr. Speaker, that a copy of the letter I sent to the provincial premiers under date of January 2 be printed as an appendix to *Hansard*? By leave of the house I should like to table a copy of the letter and have it printed as an appendix.

Mr. Speaker: Has the hon. member permission to have the letter printed as proposed?

Some hon. Members: Agreed.

[*For text of letter referred to above, see appendix "C", page 2835.*]

Hon. Jean Lesage (Montmagny-L'Islet): May I ask the Minister of Northern Affairs and National Resources a question. In view of the fact that a limit of $1 million has been placed on this new program, will the minister tell the house what will be the limit for each province?

Mr. Hamilton (Qu'Appelle): It is almost impossible to estimate precisely the amount of money which will be required under this particular supplementary estimate. The figure of $1 million would most accurately be described as a guess. No attempt has been made to divide this money in proportion to the provinces, but we will do everything we can to encourage useful work on the construction of access roads. The decision lies largely with the provinces themselves, and there will be no question in the mind of the government of dividing up federal funds evenly, or anything of that kind. If the work is going to be useful we will accept the proposals.

Mr. Lesage: May I ask the minister how many provinces have not as yet signed an agreement with the federal government regarding forest fire protection?

Mr. Hamilton (Qu'Appelle): There is just one provincial government which has not signed an agreement with regard to fire protection.

Mr. Lesage: Is the signature of such an agreement a condition of the obtaining of a part of these funds for access roads for forest fire protection?

Mr. Hamilton (Qu'Appelle): Well, under this particular program, yes; it will be part of the Canada Forestry Act.

Mr. Lesage: Which means, as I understand it, that if the province of Quebec, which is the only province which has not signed such an agreement, does not sign it will receive no share of that $1 million?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker, I think that is a fair statement of the situation. I might point out in that regard that we are always willing to sign an agreement. There will be further programs announced, I hope, in the very near future affecting the province of Quebec and not under the Canada Forestry Act.

FORT WILLIAM—REPORTED SHUT-DOWN OF CANADA IRON FOUNDRIES

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to direct a question to the Minister of Transport, but before I do so I would wish my hon. friend and baseball star a happy and useful new year. My question is the same as that contained in a letter I wrote him asking for information. In his absence I received a reply but no information.

The Canada Iron Foundries in Fort William, which supplies wheels for the Canadian National Railways, has been absolutely shut down because of a lack of orders. I just wish that the minister could have those orders restored and the men put back to work, for it is an old firm.

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I will give very serious consideration to the matter.

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO COMMENCEMENT OF CONVERSION PROGRAM

On the orders of the day:

Mr. H. J. Murphy (Westmorland): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the recent and welcome statement of vice president S. F. Dingle of the Canadian National Railways that a works program which would include the conversion of out-dated rolling stock into working equipment in the

Canadian National Railways shops at Moncton, London and Port Mann, providing work for probably 110 men, can the minister indicate when this work may commence, as some of the men have been laid off for many months?

Hon. George H. Hees (Minister of Transport): I do not know the exact date, Mr. Speaker, but I assume it will be in the very near future.

FREIGHT RATES

REQUEST FOR DISALLOWANCE OF RECENT INCREASE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. I am sure that in view of his interest in this subject over the years he does not require any notice.

Can the minister say whether the cabinet has given consideration to disallowing under section 53 of the Railway Act the 3.6 per cent horizontal and therefore discriminatory increase in freight rates recently allowed by the board of transport commissioners?

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, a petition under section 53 of the Railway Act was filed on behalf of the eight provinces on December 31, and as yet I am in no position to comment on that petition. The hon. member will realize that now that this step has been taken, which constitutes in effect an appeal from the board of transport commissioners, the whole question is sub judice, and I am sure he will agree with me that it would be highly improper for me to make any further comment at this time.

Mr. Argue: I do not think the minister is suggesting that an appeal to the cabinet makes this question sub judice. I wonder if the minister could say whether we may expect that any decision the cabinet will make will be made public before January 15, when the increase goes into effect, or before the effective date of the increase if that should be later?

Mr. Green: Mr. Speaker, if and when a decision is made by the governor in council it will of course be made public. I cannot say at the moment when such a decision would be made.

Mr. Argue: Can the minister say whether the government has under consideration any alternative policy to the horizontal increase in freight rates?

Mr. Green: That is another of these fish-hook questions from the hon. member, and I am afraid I have no comment to make on it.

[Mr. Murphy (Westmorland).]

[*Later:*]

Mr. W. A. Tucker (Rosthern): Mr. Speaker, would the Acting Prime Minister inform us if when they petitioned for reconsideration of the 3.6 per cent freight rate increase the provinces asked that the coming into effect of that increase should be suspended until the governor in council had a chance to make a decision in the matter? If they asked for that, will the government give consideration to suspending the increase until a decision has been reached in the matter?

Mr. Green: Mr. Speaker, the petition does ask that the coming into effect of the increase be suspended until there has been an opportunity for the hearing to be held. What the decision of the governor in council may be I cannot tell the hon. member this morning.

SHIPPING

BRITISH COLUMBIA—INQUIRY AS TO MAINTENANCE OF COASTAL SERVICE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question I should like to direct to the Minister of Transport; it is sort of a supplement to the question asked before the recess by the hon. member for Comox-Alberni. I wonder if the minister could advise what action has been taken over the Christmas recess to ensure that passenger and freight boat service to the communities along the coast of British Columbia will be maintained in the same degree as before Union Steamships Limited decided to discontinue its boat passenger service and drastically curtail its boat freight service to certain communities; and what is the situation at the present time?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, final arrangements are presently being made in this matter, and I expect to make a full statement in the house on Monday.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE OF RESUMPTION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I ask the Acting Prime Minister a question. Has any date been set for the resumption of the dominion-provincial conference? I ask this because of the approaching meetings of the various legislatures across Canada and the necessity of the provincial ministers of finance preparing their budgets

and so on, which of course will be affected by any agreement made between the provinces and the dominion.

Hon. Howard C. Green (Acting Prime Minister): Mr. Speaker, no date has been set as yet.

Mr. Pickersgill: I suppose that is a frivolous question.

[*Later:*]

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask a question of the Acting Prime Minister supplementary to that asked by the hon. member for Rosetown-Biggar. The minister said no date has been set for the dominion-provincial conference. Is the Acting Prime Minister not in a position to say that there will be a resumption of the conference before the end of March this year?

Mr. Green: Well, Mr. Speaker, I would have thought the hon. member was more concerned with January 16 than he is with the end of March.

Mr. Martin (Essex East): Well, Mr. Speaker, when January 16 comes my hon. friend will then be concerned, but he must not dodge a very important question like that. I have asked if it is the intention of the government to call a conference with the provinces before March 31 of this year.

Mr. Argue: Before the election.

Mr. Green: I gave the answer that no date has as yet been set. When there is to be a conference called the house, if it is in session, will be given notice of it.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to address a question to the Acting Prime Minister supplementary to the one asked by the hon. member for Essex East. Has the government received any communications since the last conference from any of the premiers of the provinces asking for an early resumption of the conference? If so, will the government table the communications and the replies?

Mr. Green: I will have to look into the situation. I cannot give an answer at the moment.

Mr. Pickersgill: Will the correspondence be tabled?

Mr. Green: I cannot say that either at the moment.

Inquiries of the Ministry

GRAIN

MANITOBA—ALLOCATION OF BOX CARS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Has the minister recently received representations from the Manitoba wheat pool requesting immediate action to bring into effect a more equitable distribution of box cars? If so, what action has the minister taken?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker, it has not come to my notice as yet. The communication may be in the office, but I have not seen it up to this moment.

WHEAT—DEFICIENCY PAYMENTS TO WESTERN FARMERS

On the orders of the day:

Mr. Victor Quelch (Acadia): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Has the government given any further consideration to the making of a deficiency payment on the 1956-57 wheat crop?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, that subject has been under study but no decision has been reached at the moment.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I wonder if I might ask a supplementary question. Does the minister feel a decision can be reached on this question of deficiency payments and made public before the wheat producers on the prairies commence to go forward with their now tentative decision to send a mass delegation to Ottawa to impress on the government the need for action?

Mr. Churchill: I am afraid, Mr. Speaker, I cannot answer all the subheadings in my hon. friend's question, but if a decision is reached of course it will be made public.

Mr. Argue: Has the minister been informed by the wheat pools of the prairie provinces that unless a favourable decision is forthcoming they will organize a mass delegation to come to Ottawa?

Mr. Churchill: No, I have not heard of any such action.

Mr. Argue: You will; you will.

Mr. Nesbitt: Are you organizing it?

Inquiries of the Ministry

CRIMINAL LAW

CAPITAL AND CORPORAL PUNISHMENT—FAUTEUX REPORT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Justice. In view of his statement prior to the holiday recess, is the minister now in a position to inform the house whether or not any date has been set for a meeting of the attorneys general of the provinces and his department on the report of the Fauteux commission having to do with capital and corporal punishment?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I think the suggestion that we have a meeting with the attorneys general was confined to the Fauteux commission report. No date has yet been set for that meeting.

CANADIAN NATIONAL STEAMSHIPS

INQUIRY AS TO PRESENT STATUS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the fact that the new West Indies federation comes into being officially today, I believe, and in view of the importance of transportation to the islands of the federation and to the trade between those islands and Canada, can the minister say whether there has been any change in the status of the Canadian National steamships since we last met? If not, is consideration being given to any change in their status?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I can only add what the management of the Canadian National (West Indies) Steamships last informed me, namely that they are seriously considering all the implications of the restoration of the service.

Mr. Victor Quelch (Acadia): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether or not we are losing any trade with the West Indies as a result of the Canadian National steamships being immobilized, or is that trade being carried by ships of other countries?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have not heard of any loss of trade because of that fact.

Mr. C. E. Johnston (Bow River): Mr. Speaker, may I ask the Minister of Trade and Commerce a question supplementary to the one asked by the hon. member for Acadia. The minister said he did not think we had lost any trade because of the immobilization of the Canadian National steamships. Can the minister tell the house whether, as a result of our not losing trade, other countries are carrying cargo for us which was formerly carried by the Canadian National steamships?

[Mr. Nesbitt.]

Mr. Churchill: Well, I will look into the matter and get a reply for my hon. friend. We are particularly interested in maintaining our trade relations with the West Indies.

Mr. Johnston (Bow River): The minister did not get my question. He said we had not lost any trade because of our ships being laid up. If we have not lost it, what country is carrying the cargo for us? Is it being carried by the Alcoa ships of the United States, which have been plying between the West Indies and the United States?

Mr. Speaker: Order. I think the hon. member is entering into a debate of this subject. As I understood the reply he got it was to the effect that the minister would look into the matter and give him an answer.

Hon. George C. Marler (St. Antoine-Westmount): Mr. Speaker, I wonder whether I might direct a supplementary question to the Minister of Transport. Can he make inquiries and inform the house as to what vessels with refrigerator accommodation are now available to carry the trade between Nova Scotia and the other Atlantic provinces and the Caribbean, which was formerly carried by the Canadian National West Indies steamships?

Mr. Hees: Mr. Speaker, as I understand the question it is exactly the same as the one asked the Minister of Trade and Commerce. What ships—

Mr. Chevrier: No, it is not.

Mr. Hees: As I understand it, it is what ships are carrying the trade at the present time.

Mr. Chevrier: No; refrigerator ships?

Mr. Hees: Well, I am not sure; I will be very glad to look into it.

INQUIRY FOR RETURN

STEWART-CASSIAR ROAD, B.C.

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Public Works. On November 25 an order for return was passed having to do with documents relating to the Stewart-Cassiar road. Will the minister inform me what has happened to them?

Hon. Howard C. Green (Minister of Public Works): I will take the question as notice. Arrangements are being made through the Department of Northern Affairs and National Resources.

Mr. Howard: I asked the Minister of Public Works the question because he answered it in the first instance.

AIRPORTS

WINNIPEG—PLANS FOR NEW FACILITIES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. Can the minister say what is the present status of the plans for new airport facilities at Winnipeg? Are these plans being proceeded with? When may it be expected that the new airport will be completed?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I will take that question as notice and get the information for the hon. member.

NATIONAL DEFENCE

RESEARCH AND MANUFACTURE—REPORTED U.S. INFLUENCE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Is the minister in a position to inform the house as to the situation resulting from statements by a former high officer of the R.C.A.F., supported by a former chief of staff, that in Canada research and manufacture were being hog-tied because of the attitude taken by the United States of America?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the two gentlemen referred to are now in a civilian capacity. They were retired from the services over a year ago. I presume that perhaps the statements they made were based on the experience they might have had while in service under the regime of the previous government. Every effort is being made to ensure that such practices are not pursued.

Mr. Pickersgill: Pretty cheap.

IMMIGRATION

C. G. HANNA—INQUIRY AS TO PRESENT STATUS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could direct a question to the Acting Minister of Citizenship and Immigration. Will the minister bring us up to date on the status of Christian George Hanna, in whom he took a great interest just a year ago?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): Yes, Mr. Speaker. I would have to get a review made of the files and see what information is on hand, but I might say that since we took what I think was the reasonable position of giving Mr. Hanna a chance to establish himself I am not aware that he has come officially to our notice in any adverse way.

Mr. Pickersgill: Did the hon. gentleman not see the press report which appeared in the newspapers two or three days ago that this gentleman had surrendered—that is the word that was used in the press—to the department? Is that true or is it not?

Mr. Fulton: I have no official confirmation of that, Mr. Speaker. I will be glad to look into it and find out.

SUPPLY

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

INTERIM SUPPLY

Mr. Fleming moved:

Resolved, that a sum not exceeding $257,324,674.84, being one-twelfth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1958, except items 16, 52, 57, 69, 71, 100, 116, 117, 131, 132, 134, 153, 156, 158, 217, 218, 219, 227, 248, 252, 281, 307, 322, 324, 328, 333, 334, 335, 336, 355, 361, 364, 365, 367, 373, 389, 391, 397, 399, 422, 428, 432 and 460, laid before the House of Commons at the present session of parliament; and in addition thereto a sum not exceeding $983,904.25, being one-twelfth of the total of the amounts of items 148 and 301 of the said estimates; in addition thereto a sum not exceeding $1,393,571.59, being one-twelfth of the total of the amounts of the items set forth in the supplementary estimates for the fiscal year ending March 31, 1958, except items 621, 626, 635, 640 and 654, laid before the House of Commons at the present session of parliament; in addition thereto a sum not exceeding $2,138,888.89, being one-ninth of the total of the amount of items 669 and 670 set forth in the further supplementary estimates (1) for the fiscal year ending March 31, 1958, laid before the House of Commons at the present session of parliament; and a sum not exceeding $125,000, being one-twelfth of the amount of item 668 of the said estimates; in addition thereto a sum not exceeding $7,338,888.17, being one-sixth of the total of the amounts of the items set forth in the further supplementary estimates (2) for the fiscal year ending March 31, 1958, except items 692, 729, 732, 737, 754 and 759, laid before the House of Commons at the present session of parliament; and in addition a sum not exceeding $3,067,583.34, being one-twelfth of the total of the amounts of items 692, 729, 732 and 737 of the said estimates, be granted to Her Majesty on account of the fiscal year ending March 31, 1958.

The Acting Chairman (Mr. Rea): Shall the resolution carry?

Mr. Fleming: Mr. Chairman, we have now entered the tenth month of the present fiscal year. In general, apart from the exceptions named in the resolution, funds have been voted by parliament only for the first nine months of the year, to December 31. Perhaps it would be of assistance to the committee if I gave the committee certain figures at this point.

There are, as hon. members will recall, four groups of estimates now under consideration. They total in the aggregate $5,597,316,555. Of that total the statutory items amount to $2,172,621,097, and the total amount required to be voted at the outset was accordingly $3,424,695,458. Thus far in the present fiscal year parliament has voted on account of the appropriations for the current fiscal year a total of $2,631,646,330.52 in a total of five appropriation bills. This present measure, which contemplates the introduction of the sixth appropriation bill in respect of the estimates for the current fiscal year, asks a vote of a total of $272,372,511.08. If the bill is passed the total voted by parliament will aggregate $2,913,253,431.68.

May I express the hope, Mr. Chairman, that this will be the last time it will be necessary to ask for a vote of interim supply during the course of the present session. The present request would provide the funds required to meet the expenses of government to January 31, and it may be hoped that all the items will have been voted in full by that date so far as the house approves of them.

In the present resolution, Mr. Chairman, with regard to most of the items the proportion sought is one twelfth. In some cases, as on previous occasions when interim supply was asked for, one ninth is asked of those items that were introduced having effect from July 1 and applicable therefore only to the last nine months of the fiscal year. In some cases one sixth is the fraction required, as to those items which were introduced to have effect from October 1, 1957, and accordingly apply only to the last six months of the present fiscal year. With only two exceptions there is nothing more required than that particular fraction of one month. In the present resolution the two exceptions are of a nature that has been encountered in connection with previous votes of interim supply.

There are two items, numbers 148 and 301, where the amount required exceeds one twelfth for very good reasons. In the case of item 148 the amount now requested would bring the total not to ten twelfths but to eleven twelfths. It is one of those items in the fish culture and development branch where the expenditure does not correspond exactly with the progress of the year. More of the expenditure necessarily requires to be made before the late months of the fiscal year.

The other exception is in the case of item 301, where again the amount now requested would bring the total fraction voted not to ten twelfths but to eleven twelfths. The item relates to the national parks and historic sites service, construction or acquisition of buildings, works, land and equipment, and the reason in that case is that construction in the parks is usually concentrated in the summer and fall months and good progress has been achieved this year, particularly with the road construction program.

Apart from the items in the Post Office Department which were voted in full last spring, in no case where parliament has not already approved the item in full will the total amount voted following the adoption of the bill exceed eleven twelfths.

The rights of the house are preserved, therefore, with respect to the discussion of such items because of the necessity of having approval given to the items, and by reason of that proportion of one twelfth remaining yet to be voted.

In accordance with the time honoured practice, Mr. Chairman, I assure the house of its rights; and to avoid duplication of debate I give the usual undertaking that the passing of this bill will not prejudice the rights and privileges of members to criticize any item in the estimates when it comes up for consideration in committee of supply. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Marler: I should like first of all to say, on behalf of the official opposition, that we have no objection to voting the amount of supply which is provided for in the resolution now before the committee. The minister has assured us that in no case will the amount voted represent more in respect of any particular estimate than eleven twelfths, except for the few cases in which the estimate has been fully approved by parliament and funds voted accordingly.

I think the minister will agree that there are a large number of estimates that are affected by the various interim supply bills that have been passed. It is difficult for an opposition to follow the course of the votes in connection with each of the individual items, but so far as it is possible to tell, in no case covered by this resolution is more than eleven twelfths proposed to be voted.

I am sorry that the minister, in making some comments this morning regarding expenditures covered by this resolution, did not see fit to do more in the way of enlightening the committee with regard to the general program of expenditure than he has already done. He will probably recall that when we voted interim supply for the first time in the present parliament on October 17, he outlined—I think more particularly for the benefit of the new members of the house—the procedure that is ordinarily followed with respect to estimates. The explanation which he gave I thought made it quite clear that the tradition of the house is, and always has been, that the estimates are tabled early in the session and hon. members are therefore given an opportunity of reviewing them. There is, in fact, usually some lag in time between the date on which estimates are presented and the date when they are actually considered in the committee.

This year what we have is that despite the fact that the estimates were deposited on October 15, and despite the fact that the customary recommendation from His Excellency accompanied them—I might merely quote what was said by the minister in this connection on page 11 of *Hansard* of October 15, 1957:

> However, this is not to say that the present government will support all of the detailed programs contemplated when those estimates were originally prepared. Rather, such changes as this government proposes to make in the current year programs will be brought to parliament's attention when the individual items affected are being considered by the committee of supply.

On various occasions, Mr. Chairman, we have endeavoured to bring to the attention of the minister the fact that this was not in keeping with the tradition that had been followed in the past. I am sure the minister himself would agree that in the past when estimates have been tabled, hon. members of the house fully expected that the expenditures they covered would be discussed and justified when the individual items were considered in committee. I fully realize that in rather exceptional instances in the past the minister has proposed reductions in these estimates when an item has been before the committee. In those cases events transpired since the preparation of the estimate, and probably since the tabling of the estimates, which made it expedient to ask for less money than was covered in the printed book of estimates.

It seems to me, Mr. Chairman, that the procedure the minister followed in October was a rather radical departure from past practice. It did seem to me that there could be no real objection to the minister acquainting the members of this committee with the reductions it was proposed to make; in other words, to put all hon. members of this house on a plane of equality so that those who were considering the estimates would know what the government's intentions were with regard to the various expenditures. As hon. members will recall, although the matter has been raised on a number of occasions the minister has steadfastly refused to give us information in the form of a table so we could see in the case of each department what items were not to be voted as presented but were to be reduced in amount.

I still find it difficult, Mr. Chairman, to understand why the minister has not seen fit to table a statement of those reductions in expenditures for the various departments. I observed that when he made his speech on the first item of his estimates he then informed the house that there were to be savings and reductions amounting to some $64 million. It seemed to me at that time, and on reflection I am even more convinced of the fact, that quite obviously the minister is aware of the changes to be made in the expenditures and is therefore in a position to tell the members of this committee just where those reductions are to be made, and what is the nature of the savings and reductions that make up this figure of $64 million to which he referred in his remarks.

One realizes immediately that $64 million is no minor reduction of a single item in the estimates of a department. It represents some very considerable changes in the estimates as presented to this house by the previous government. It does seem to me that the minister should lose no further time in giving the members this information, which they are entitled to have, as to the reductions totalling $64 million.

I have not been able, in going through *Hansard*, to find any case in which the estimates of any department which has been considered by this committee have been reduced. I take it, therefore, that all this reduction of $64 million to which the minister referred must be in some other items. When I say there have been no reductions in any items before the committee, I am referring to the resolutions that have been voted. I am aware of the fact that the estimates of some departments have been given preliminary consideration without a vote or resolution having been passed in consequence. I believe, therefore, it is a fair statement to make that no member on the opposition side of this house has any idea whatever as to how this figure of $64 million is arrived at.

We are not in a position, therefore, to decide whether these are real reductions and

savings; whether in effect they amount to anything more than a shortfall, a lapsing of part of the estimates, or where that lapsing has taken place.

Bearing in mind what the minister said a moment ago to the effect that we are now entering upon the tenth month of the present fiscal year, it seems to me that the minister ought to be in a position to acquaint us with the details of this item of $64 million so that we may form our opinion as to whether these are real savings or whether they are merely shortfalls in expenditure; whether because of one reason or another programs are not being carried out, and whether or not there is something significant about them.

Everybody realizes that by merely curtailing a program or by merely refusing to undertake the carrying out of public works in one form or another by one department or another it may reduce the amount to be expended under a budget, but I do not think any objective person would consider that such actions represented savings. It is no saving not to build a building that is needed. That is a lapse, if you like, of the estimate, but nobody should think it is an economy, if this ordinary meaning is to be given to the word "saving".

There is one other comment I would like to make on this particular occasion, and that is that the Minister of Finance, when he sat on this side of the house, continually referred to the subject of waste and extravagance on the part of the various government departments. I have recently had the opportunity of rereading some of his speeches. I would not say these were recommended reading for the Christmas season, but as a matter of duty I felt I should read some of his remarks as recorded in *Hansard* of former years.

I do not think in recent times there has been a single debate on the budget in which the present Minister of Finance did not use those very vigorous terms which he is accustomed to using—which in fact he was more accustomed to using when he sat on this side of the house than he is today—and I found that in almost every year we had at least one very formidable paragraph on the subject of waste and extravagance. Yet we have been through the No. 1 item of several departments and through nearly all the estimates of some of the other departments, and in not one single case has the minister, in presenting his estimates, been able to point to an example of waste and extravagance which he has found to be carried on in his department.

The Minister of Transport, my successor in that department, seemingly found that the department had been efficiently managed. The Minister of Public Works, who I see is just coming into the committee, has also spoken in the most glowing terms of his own department and those forming part of the permanent staff who assist in its administration. I think the last thing he would wish to imply is that this excellent staff of employees whom he has praised so highly would be guilty of such a thing as waste or extravagance.

The Secretary of State, the Minister of Mines and Technical Surveys, the Minister of Veterans Affairs in almost every case have made, if not a positive statement, at least a statement by implication that their departments were well run and that there was no waste.

I think, Mr. Chairman, this does afford an excellent opportunity for the Minister of Finance to deal with the subject on a very general basis, and that before discussion of this resolution comes to an end he should give us some specific instances of this waste and extravagance to which he referred in such vigorous and vehement terms in the past. I think it would be very enlightening to those of us who have had the opportunity to be members of the treasury board if we could find out in what particular departments that waste and extravagance existed, because it was my own experience that all the recommendations of all the departments were given the most careful scrutiny, not only of course by the permanent officials of the treasury board with whom the present minister is now so closely associated, but also by the members of the treasury board itself. In fact, as the minister knows, meetings of the treasury board occupy a great deal of time, and I am sure that he and his colleagues, our successors on the treasury board, are just as vigilant today as we were in endeavouring to make sure that no money is spent wastefully or extravagantly.

I think the minister owes it to the permanent staff of the various departments to admit that since he has come to office he has not been able to find the waste and extravagance of which he spoke previously, not having access to all the facts.

I am not going to take any further time of the committee, but I would say that we desire to facilitate the passing of this resolution, and I hope that if other members take part in the discussion today and if they take advantage of this occasion to discuss other matters which are properly the subject of discussion at this time, the minister will not conclude the debate by scolding the members of the committee for taking so long in the discussion of the estimates. It seems

to me he should realize that if scolding was in order, some such scolding could be administered retrospectively to the minister himself, as he was not always the most silent member of the opposition when it came to discussing interim supply.

I say this, Mr. Chairman, merely to make it perfectly clear that although we intend to support this resolution, that does not mean that other hon. members of the party to which I belong will not wish to participate in the general discussion.

Mr. Stewart (Winnipeg North): Mr. Chairman, it goes without saying that we are going to support this resolution, but we are also going to take advantage of the opportunity which it gives us to discuss some matters which some of us think are very important.

One of the matters we want to bring out is that of governmental policy toward NATO. The committee will remember that on the day the house adjourned the Prime Minister came before us and gave us his agonizing reappraisal of what had taken place in Paris; and that right hon. gentleman had many words with which to disguise what he probably felt were the facts of the case. He subjected us to a torrent of words; he inundated us with a Niagara of words, and it has taken some time to get the spray out of our faces, but we have succeeded in doing that today, due in no small measure, of course, to the Minister of Finance.

The minister, however, leaves me wondering exactly how many voices there happen to be in his cabinet. There are so many voices that at times it sounds like a hydra-headed monster. The minister tells us that the position of the United States, for instance, with regard to the restriction on oil is wholly untenable. He tells us that the attitude of the United States does not at all concur with the communique. Then I read these words of the Prime Minister telling us that the atmosphere in Paris was certainly one which indicated a new spirit of unity among the nations, although I gathered the impression that perhaps the Minister of Finance did not share that feeling of unity which the Prime Minister obviously had. Or, as the Prime Minister went on to say later at page 2722:

> At the meeting this week the flowering of this concept of the Atlantic community was very much in evidence.

Sir, there are some weeds in this flower bed. The Prime Minister did not speak about them. The Minister of Finance does. How does he propose to eradicate these weeds? What course of action does he pursue? The hon. gentleman makes a press statement which he assumes that United States officials will read. I know the excuse which has constantly been put up by governments that nothing official has reached their ears. How do we know that this press statement put out by a member of the Canadian government has reached the ears of the state department?

The Prime Minister went on to say:

> There was not a great deal of divergence of view as to the necessity of greater and more expanding developments.

That is economic expansion. This, I say, does not agree—far from it—with what the Minister of Finance said today, and I think we have to get some clarification on this. I suggested earlier that the minister was conducting diplomacy by press statements. Perhaps I was not altogether right, because according to what he said he was having negotiations and discussions with the United States officials in Paris. So perhaps what we are being subjected to now is cocktail diplomacy.

But I do not think we should come to either the diplomacy of the cocktail party or the diplomacy of press statements. What this house would like to see is an official protest made to the government of the United States. It is no use having a minister of the government telling this parliament what he would like to say to the United States. Let him say it to the responsible people there, not to the opposition in the Canadian parliament.

When the Prime Minister made his statement on NATO my leader, the hon. member for Rosetown-Biggar, stated that there was not a concrete proposal in anything he had to say; in other words we were rehashing what had been said throughout the years with regard to NATO's hopes, aims and aspirations. We see now more than ever that those who are leading NATO have a Maginot mind complex, and we do not want minds like these in days such as we are going through now. I notice that the Prime Minister tried to defend himself from a very obvious charge, and I am going to say that the declaration from NATO, and his own speech, were a veritable mass and mess of clichés. The Prime Minister said:

> I know what the cynics will say. They have done it all down through the ages. They will contend that the declaration and the communique are simply the same old tired clichés strung together in a different arrangement but leaving the old patterns substantially unchanged.

Well, when it comes to the Atlantic community and the fundamental concept of NATO, I am not a cynic. Throughout the years in this parliament I have been one of

the protagonists of an Atlantic community. I have gone even further and asked for an Atlantic federation. It is not a matter of cynicism with me; it is a matter of disgust at this brutal use of the English language. I think the NATO declaration ought to be sent to every high school and every university in Canada as a grim example of how not to use words. Let us examine this declaration and see how many clichés there are in it. It begins:

> We, the representatives of 15 nations of the North Atlantic alliance, believing in the sanctity of those human rights which are guaranteed to all men of free nations by their constitutions, laws and customs, rededicate ourselves and our nations to the principles and purposes of the North Atlantic Treaty.

Here is a startling new thought, something which must make us all shiver with expectation. The declaration goes on:

> We have agreed together upon means to give added strength to our alliance.

Here again is a brand new idea, something we have really never thought of before, and I am sure it excites us. And it continues:

> We are always ready to settle international problems by negotiation.

Surely that too is an exciting new discovery, and I am certain that the hon. member for Algoma East must be kicking himself because he never thought of that during all the time he was secretary of state for external affairs in this country. Then the document goes on:

> The free world faces the mounting challenge of international communism backed by Soviet power.

What an amazing piece of research. Who else could have discovered it? This is the sort of research which, perhaps, makes the friends of NATO tremble with apprehension while making its potential foes quiver with hope. The declaration goes on to say—and I hope the Minister of Finance is listening—"for this purpose we have agreed to co-operate closely." This is a magnificent new concept never revealed to this house before. All new ideas, and not a cliché amongst them.

And then:

> We shall reach this goal only by recognizing our interdependence.

Mr. Chairman, what a blinding vision has been given to men, something which has never been thought of before. To give another example:

> We are an organization of free countries.

Surely this is revelation according to St. John. Or let us look at something which, I am told, the Canadian government took pride in having inserted in the declaration:

> If the free nations are steadfast, the totalitarian menace that now confronts them will eventually recede.

[Mr. Stewart (Winnipeg North).]

"If the free nations are steadfast", Mr. Chairman. They have been steadfast long enough; steadfast for doubt, steadfast for cross purposes, and steadfast for confusion. What we need now is to be steadfast for imagination and some leadership, and that certainly was not given in Paris by this Canadian delegation. "If the free nations are steadfast the totalitarian menace will eventually recede." What an example of pre-sputnik thinking. What an example of the Maginot mind which, I said earlier, was working in full force.

This declaration is an insult to the intelligence of the people of the western world. I say it is full of clichés. I could go on and quote more; I could quote as many from the speech of the Prime Minister himself. The relation between the Prime Minister and the cliché is not that of master and servant; it is that of master and slave because he beats these clichés and bruises them, sets them dangling before us, and then having bludgeoned them with such violence he buries their bleeding bodies in the pages of *Hansard*. If we want to find out what is happening we have to disinter these victims of verbosity, and when we conduct a post mortem we find that nothing has been happening.

But there are some statements in the communique with which we can agree. For example:

> The aim of the Soviet bloc is to weaken and disrupt the free world.

We are agreed on that. That menace confronts us. The Soviet union is the leader of one of the big power blocs, and as an individual I am supremely suspicious of great powers and power blocs. We in the western world have seen how power can be taken and abused, but there is always the safeguard of public opinion to act as a brake and put a stop to it. On the other hand, in totalitarian nations there is no such safeguard and no such brake, and so we are faced today with two great power blocs in a world of anarchy which may mean yet a world which is at war. The consequences of this situation can be tragic for people all over the world. The one thing that saves us is that both sides know that war would be a matter of mutual extermination and anihilation. And so it is possible that both blocs, or the peoples of both blocs, want to come to terms with each other.

There has been a certain disinclination on the part of the west to come to terms with the Soviet union for reasons which in the past were perhaps good. But the situation today is so precarious that we believe it is essential that another attempt be made to test the sincerity of Russian intentions. We know what has happened in the past; we

know the disappointments we have encountered, but we still have to make another attempt. We have to be prepared to negotiate but not on the broadest basis, because that, I think, would mean failure. Rather we have to take two or perhaps three cases in which we can negotiate, those which are probably the most perilous to mankind. We have to see if we can come to some *modus vivendi* with the Soviet union in this connection. The following is mentioned in the communique:

> We have especially in mind the problems of the reunification of Germany in freedom—

Many are convinced that unless this problem in the centre of Europe is solved there will not be much hope for peace, and therefore it is essential that we try and have Germany reunited, not on the basis of western terms and not on the basis of Soviet terms but on the basis which perhaps the Germans themselves want. In other words there has to be a compromise between the two groups.

It might be worth while considering the suggestion that both East and West Germany and Poland and Czechoslovakia be to some extent neutralized in the hope that free elections can be held there, properly supervised, and Germany eventually united. I know there are many who oppose this. For instance, there is the pentagon type of mind. It was this group or clique, call it what you like, which was responsible for bringing Germany into the North Atlantic community. They argued that the defence of Germany and the creation in Germany of an army was essential to the safety of the west. Probably they were thinking in those days of the policy of containment, but surely the advent of the intercontinental ballistic missile has shown that containment can no longer work because we cannot contain those missiles.

On the other hand there is the economic argument, which may not be expressed but which I suppose is deeply felt in nations such as the United Kingdom; the fear that if Germany does not have to spend money on rearmament she may become a more intense competitor in the markets of the world, and the other fear that as the result of not spending money on rearmaments the standard of living of the Germans would so rise as to be an incentive to other nations to follow Germany's example. I recognize that these arguments have been made, and I think I know why they are being made. Yet I still insist that one of the most important things we must try and achieve is the reunification of that country.

There is another area and again the communique mentions it; that is the Middle East. The people of the United States had better realize quickly that Russia is in the Middle East and intends to stay there. To ignore that fact is to blind oneself to the true facts of the situation. If we are going to achieve peace in the Middle East, which I am sure is the wish and hope of all of us, then we cannot fail to recognize that Russia is a power in that area. Here again, I suggest, is another place or another area, if I may repeat the word, where possibly we can negotiate with some hope of success, but at least we will find out how serious the Russians are in their desire for peace.

I think in many ways they are sincere. I think the Russians realize the havoc which would be wreaked with all-out war as well as anybody else, but we face the problem that in the United States we have a secretary of state who I have no doubt in his private life is a very estimable gentleman but who as secretary of state for that country is nothing short of an international calamity. The Russians certainly do not trust Mr. Dulles, and the words he has used throughout the years perhaps might give the Russians some valid reason for distrust. Nevertheless this distrust to some extent has to be removed if it is humanly possible, and a fresh attempt made to bring peace to the Middle East.

Then there is a third area in which there seems to be an opportunity for agreement at least between the east and west, and that is in the cessation of the production of fissionable material for weapons purposes, the reduction of existing stocks of nuclear weapons and the suspension of nuclear weapons tests mentioned in the communique. Great numbers of people in the west want these things achieved and it is possible that the Russians want them achieved, but we can find out only by trying to negotiate with them just how far they are prepared to go.

Now, how do we undertake these negotiations? The communique is completely unrealistic, I think, when it says we should try to promote these negotiations through the framework of the United Nations, bearing in mind the committee which has already been set up in the United Nations and of which the Soviet union is going to have no part whatsoever. The communique was equally unrealistic, in my opinion, when it suggested that we should welcome meetings at the foreign ministers' level to resolve the deadlock. Whether the meetings be between the foreign ministers of the 15 NATO nations or of a few—and I do not care how few—Mr. Dulles will be there, and I think his use has long since passed.

But perhaps there is something else we could do. Possibly we can beat the Russians

at their own game of propaganda if we have the intelligence and imagination to do so. Why should this matter not be referred to the United Nations as a whole? We know perfectly well that this large number of nations cannot settle problems such as these. They will have to delegate power and responsibility. Is it beyond the bounds of reason to suppose that power and responsibility could be delegated to a representative of the NATO powers such as Eisenhower, a representative of the Warsaw pact such as Khrushchev, and a representative of the uncommitted nations of the world such as Nehru? These three men would meet not with the intention of giving the world a blueprint as to what could be done but in order to explore a method in which diplomacy could carry these discussions even further.

The first meeting could be held. Of course there would be great fanfare, but it would be naive to expect any concrete results from such a meeting. However, it could pave the way to more harmonious relations. Afterwards discussions could be carried on, not necessarily at the foreign ministers' level but on a level appreciably below that so we could have open covenants discreetly arrived at. Perhaps there is a promise there, and we cannot tell how promising it may be until these meetings are held.

Another point where I again disagree quite strongly with the Prime Minister is with regard to the creation of a food bank through NATO. It is time we realized that although we regard NATO as a means for our defence and protection, it is regarded in the rest of the world as a tool of imperialistic powers. We may say that is not true and disagree completely with the idea, but this concept does exist and we cannot kill it.

May I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Stewart (Winnipeg North): Mr. Chairman, when the committee took recess I was discussing the suggestion of a NATO food bank and economic aid being given by the NATO countries to the less fortunate nations of the world, and I oppose it.

The reason for my opposition is this. No matter how highly NATO may be regarded as a means for our own defence, nevertheless in the underprivileged areas of the world it is regarded as an instrument of imperialistic powers, and I argue that if NATO is to administer aid that aid is going to be suspect. It would be far better if we intend to help the underprivileged countries of the world, as we should do, to do it through the United Nations and through the agencies which are already there.

But I would like to think that we would do it in a more generous way than has been indicated by the government this year in the increase it has made under the Colombo plan. The government may take some pride in the fact that it is giving another $600,000 or so, but nevertheless that merely means that one cent per capita of our population is to be given every 90 days for further economic assistance to those nations which could do with more help, and I and my party are convinced that we are not doing nearly enough in this form of aid to less fortunate countries of the world.

Then there was another matter the Prime Minister mentioned. He talked of those who were behind the iron curtain, and all of us sympathize with what he says. We are just as concerned about those people as he is. The Prime Minister said in his speech, as reported at page 2723 of *Hansard*:

> We thought of the people behind the iron curtain, people who believe in freedom as we do. Sometimes we are apt to forget them.

It is most unfortunate that the Prime Minister and the government apparently have already forgotten about many individuals who fought against communism, who left their homes and are now denied the right to come to this country. I refer, of course, to the Hungarians and to the orders which were issued this year preventing by and large any further entry into this country of Hungarian victims of communist persecution. The Prime Minister went on:

> When the declaration was being drafted I had the honour to move that there should be the inclusion of a paragraph to give to those people, whether in the Ukraine, in Hungary, in Poland . . . some hope.

I should like to give them hope; I am sure every hon. member would, but I would like to see something practical done so that hope can be translated into fact. After all, there are displaced persons in camps in Europe today who are the victims of communist persecution, Ukrainians and Poles who suffered under communism yet who, because they are ill or old, are not able to come to this country. If we feel so strongly about those people, those victims of communistic persecution, then we have to do something more than just more or less hold out hopes. We have to couple those hopes with action.

In the communique itself there are quite a number of points which demand answers. There are too many words in it and nothing

much is at all clear. For instance, the communique contained the following:

> We are therefore resolved to achieve the most effective pattern of NATO military defensive strength, taking into account the most recent developments in weapons and techniques.

Let me ask the Minister of National Defence this question. How does the government propose to go about this? Later in the communique we find the following; we have—

> . . . decided to bring about closer co-ordination with a view to ensuring that each NATO member country makes its most effective contribution to the requirements established by the alliance.

But how are we to do so, Mr. Chairman? These are words. We want to have these words explained; we want to know what government policy is in this regard. Then later on we find the following:

> As regards defence production, we have decided, in view of the progress already made, to take further measures within NATO to promote the co-ordination of research, development and manufacture of modern weapons including intermediate range ballistic missiles.

There are many of us who have been asking for this close co-ordination for a long time, and we have been promised it for a long time, yet nothing has been produced which we can really get our teeth into. The government owes it to this house and to Canada to explain many of the questions which arise out of the words used in the communique.

Then there were the usual platitudes about economic collaboration and close co-operation among the countries of NATO, the need for greater unity, and so on. Yet, as the Minister of Finance pointed out, the United States is making a mockery of these high protestations which we hear and about which we read. What is the government doing to ensure closer economic co-operation with the nations of Europe? Well, there has been set up a European free trade area, and the government's only concern about it, apparently, is to see that we should not be excluded from its scope in regard to food, drink and tobacco. I would have thought, if the government was really desirous of improving the trade situation in this country, it would have made a much more decided attempt to get closer in an economic sense to the nations of Europe.

We have to do that for this reason if for no other. Earlier this session I spoke about the increasing United States economic domination of this country. We have to rectify this imbalance, and the only way we can do it is by trying to increase our trade, not with the United Kingdom only but substantially with this European free trade area. There there might be some hope for us; there, I am certain, will be the salvation of NATO. A lot of lip service has been given to article II throughout the years. But if there are doubts in Europe—and I at times share those doubts—I think they can be dissipated very rapidly by entering into the closest economic collaboration and co-operation with our European allies. When we do that, then I think we shall be much safer than by relying solely upon the words which we see in this communique.

Mr. Macdonald (Vancouver-Kingsway): Mr. Chairman, I do not want to take up too much time of the committee; nevertheless I do want to follow up what the hon. member for Winnipeg North has been dealing with and deal with something which is of tremendous importance to the world at the present time.

On March 1, 1954, the Americans detonated their first hydrogen bomb near Bikini atoll, and for the first time the world was shocked into an awareness of the dangers of atomic radiation as it could affect the health and even the life and being of future generations. As we all remember, radioactive dust from that explosion settled on some Japanese fishermen who were fairly close by with terrible results.

We all know that we receive radiation to some extent anyway. It comes from the natural environment, and probably has always been there; and to some extent we get radiation poisoning when we subject ourselves to X-rays for diagnostic purposes. Now we have added a new and potentially vast source of radioactive poisoning as a result of the testing of nuclear weapons. Therefore we have entered into the fourth year of what might be called the age of radiation without representation. Without representation, I say, because the people of the world who are being subjected to these extra doses of radioactive poisoning have in no way given their consent or approval to or any voice in what is happening to them. Most of them have never had a chance through any kind of institution to say whether they approve or do not approve of the kind of danger with which they are now faced.

There are three questions that urgently require answers. First, is there a serious danger to the health and life of present and future generations as a result of the detonation of these nuclear weapons? Second, is it possible and practicable now to reach an agreement for the suspension of tests of these weapons? Third, is it necessary and desirable in the interests not only of health but of national security that we should reach an agreement to bring this process to an end? In my opinion the resounding answer to all these questions is yes.

Just how harmful to human beings the bomb particles are that come from the detonations, which from the mushroom clouds go into the atmosphere, into the soil, from the soil into plants and animals and from there to the human dinner table is at present a matter of doubt. But the Japanese people, an intelligent and aware people, have no doubt of the extent of the danger.

It was the Japanese fisherman, of course, who first felt that danger at close hand. The Japanese government has even gone to the extent of warning its people officially to boil all of their drinking water. They are, of course, perhaps more exposed than any other area of the world because they have on the one hand the south Pacific testing region and on the other hand Siberia where the Russians have been testing their megaton bombs. There is no doubt that public opinion in Japan is overwhelmingly in favour of the prompt stopping of these tests, and I do not think there is any doubt that this is the opinion at the present time of the vast majority of civilized and thoughtful mankind.

Speaking of Canada and the west, I think our failure to take an adequate lead in bringing a halt to these tests has gravely injured our position in the thoughts, hearts and minds of most of the people of the world. In 1956 Japan moved a resolution in the general assembly of the United Nations stating that we should deal with this question first, not as part of any package proposal mixed up with other things, but that we should first get over the hurdle of the suspension of nuclear tests and deal with that matter promptly in order to bring such tests to an end. Whatever the merits of the scientific controversy may be, it seems to me that the very least we can say is that, in the words of Earl Attlee, "humanity should be given the benefit of any doubt".

Various committees have discussed and studied the dangers of atomic radiation. The general assembly of the United Nations established such a committee in 1956 and it is continuing to observe and study in this field. But I wish to refer to one committee which has been at work more recently, namely the joint committee of the United States congress which, starting on May 27 of last year, received testimony from many experts in this field, from physicists and doctors, from soil analysts and meteorologists, from chemists, biologists and geneticists.

The committee heard 5,000 pages of testimony, and while it is not possible to summarize all the findings of the scientists who took part in the investigation I should like to read the question that the joint committee of the United States congress considered. It was this:

> How much radiation from cosmic rays, medical X-rays and weapons tests combined can man tolerate before this radiation does appreciable harm to the life span and health of the present generation, and brings about a significant increase in deformed children born in succeeding generations?

The committee were able to reach no clear answer to the question they propounded for themselves, and that in itself is a disquieting thing. We are dealing here with unknown, malignant forces about which there is no certainty of scientific knowledge. Nevertheless the evidence given before the committee was most important. Dr. Alvin Graves, an employee of the United States Los Alamos project, flatly stated, for example, that there was no such thing as a clean H-bomb. All of them, he said, gave out radioactive poisons, and it was just a matter of degree between what is called a clean bomb and a dirty bomb.

Another scientist carefully investigated the question of whether cow's milk is already hazardous to the health of children. His answer was no, that the chance was only about one in a million. But another scientist replied that even if the chance ratio were put that low, which he did not think it should be, 3,000 cases of cancer in young children would be apparent, spread across the whole population of the world at the present time.

The consensus of agreement—I am not dealing with points upon which there was disagreement—on the joint committee is summed up in an article by the scientific editor of *New Republic* magazine in its issue of July 1, 1957. The points on which there was substantial agreement among all the scientists taking part in the proceedings before the committee are summarized in that article in these words:

> 1. The fall-out of bomb particles from the stratosphere, which continues for 40 years after each big bomb tested, is not uniform around the world, as had previously been assumed by the government. It is concentrated in some areas by rainfall, and possibly by high altitude air currents. The northern hemisphere gets much more than the southern . . .

In other words, in the case of Canada we are more subject to this particular hazard than the world generally, and in my own province of British Columbia where there is heavy rainfall I dare say that the risk is greater still.

> 2. Geneticists agree there is no "safe" level of radiation. Even a small amount produces some adverse changes in future generations.

There is no safe level; in other words every bomb tested produces some undesirable changes in the human species.

3. As to the increase in bone cancer and leukemia in this generation from strontium-90, scientists do not know whether there is a "safe level", or a threshold, below which no damage occurs. The majority of experts assumed there is no safe level, even though the increased incidence of cancer cannot yet be proved . . .

4. The number of persons who could be damaged by increased radiation in this generation—either with cancer or with abnormal offspring—is "roughly calculable". Estimates by individual scientists using various hypotheses ranged from 50,000 to several million in a world population of 2.6 billion . . . The increase will be proportionate to the increase in total radiation: that is, if bomb testing has thus far raised total radiation one per cent, cancer and leukemia should go up one per cent.

5. A group of five scientists, including three atomic energy commission officials, concluded that once the atmosphere is saturated with bomb particles—a situation which one witness estimated would arrive in 10 years—the maximum rate of bomb testing without jeopardizing the entire race would be between 2 and 10 megatons of bomb materials blown annually into the stratosphere by all nations.

The upper limit—10 megatons—is the average rate at which the United States has been testing for the past five years.

The last point illustrates the fact that we are already testing—at least one nation, the United States alone, is already testing—at above what these scientists consider to be a safe rate of maximum radiation in the atmosphere.

The first question I propounded was, is there grave danger from radiation from bomb testing now, and I think the answer is unquestionably yes. How great that danger is we may not know, but that danger is there and the damage is being accomplished, as no one can seriously doubt. Already we have too much radiation in the atmosphere, and we have to consider this fact in the context of the world around us.

There was a time when only the United States had the bomb. In 1949 the Soviet union tested its first bomb. Now the United States, the Soviet union and the United Kingdom all have the bomb and are conducting tests. Does anyone seriously believe that the process will stop there? What country will be next? I presume it will be France, in the absence of international control. I presume that communist China will not be far from achieving its bomb and its series of tests. I would presume that with technological progress increasing from year to year and the techniques becoming simpler and better known, all military nations will one day have their bombs unless control is achieved.

Can you imagine what a world we would have if every South American dictator had at his disposal a hydrogen bomb with which to threaten annihilation of his adversaries unless they came to his terms? Is it going to be easier to control that situation now or when the bomb is already in the hands of half a dozen or a dozen more countries? Clearly the time to act is now, not only from the point of view of the dangerous increase in radiation in the atmosphere which is showing up in the bone tissue and blood stream of the people of the world, but from the point of view of a secure and peaceful world.

The objectives we should set for ourselves, Mr. Chairman, could be expressed simply in this way. First, we should seek to stop all further testing of nuclear weapons. Second, we should seek an agreement to prohibit the manufacture of nuclear fuel for military purposes. Third, we should seek ways of reducing the world's stockpile of atomic weapons, as a preliminary to full disarmament.

We cannot achieve all those objectives in the world as it is at the present time. I appreciate that, but I say we can now achieve the first one. On June 14, 1957, the Russians proposed or rather agreed before the London subcommittee on disarmament to the suspension of all testing of nuclear weapons, with control stations to be set up in Russia and other countries to make sure those countries would abide by the agreement. There were no conditions to that offer. The Russians were willing, and presumably still are willing, to treat that one point alone as something upon which agreement can be reached.

What was the answer of the west and in particular of Canada, which was one of the five nations represented on the disarmament subcommittee? Our reply was a package proposal on disarmament. We proposed four points and said we would accept the suspension of nuclear tests with control and inspection provided we reached agreement on the other three points. I agree that our package proposal was good. There was provision for a reduction of conventional armaments, for aerial inspection and for cessation of the manufacture of nuclear weapons, not just their testing. These things were good. But it has been clear that we cannot achieve agreement with the Russians on the package, so I say we should take out of that package point No. 1, the suspension of tests, and get agreement on that.

If we do that, Mr. Chairman, I do not see how it could be said that it would imperil our military security any more than the security of the Soviet union. It seems to me that once again we would have seized the initiative in these disarmament talks. We have lost that. Russia, to a very large extent, has captured the imagination of the world. She has presented herself as a nation pressing for disarmament and for peace. I know that to

a large extent she has done that by presenting unacceptable proposals, but there is no doubt that the west has lost the initiative.

I believe that in the interests of human health as well as peace we should achieve control now before these nuclear weapons get out of hand. We should reach agreement on point No. 1 because agreement with Russia is possible now on that point, which involves the prohibition of further tests of nuclear weapons, with proper control and inspection to make sure that the agreement is carried out.

We are too apt to assume, as were the citizens of Rome, Carthage and Byzantium, those civilizations of the past, that our life will go on smoothly. We are smug about that. We do not seem to realize that the danger of mass destruction of the world in which we have been living is present and is becoming greater every day. Unless the two giants in this world today, the United States and Soviet Russia, can reach an effective agreement, the chances of this civilization surviving are very slight indeed.

It may be ironic that the great capitalist power of the world and the great communist power of the world must form an alliance and work out a settlement of their differences; must divide up their spheres of influence in the world, if this world is to survive. It is this point to which we have come at the beginning of 1958. The point is that the beginning of an agreement can be based on the ending of bomb tests.

I do urge this government, as one with great responsibility in the matter because of its membership on the United Nations disarmament subcommittee, to take the lead in pressing for the suspension of the testing of nuclear weapons. We have a chance for agreement now. The nations all over the world expect it of us. Let us take that chance. It is only a beginning, but once you have made a start then you can seize the initiative and press for other things such as the abolition of the manufacture of these weapons themselves.

Mr. Martin (Essex East): Mr. Chairman, I think I should say a few words on the very important matter about which we were informed, a few days before Christmas, through the press of the country. I refer to the decision of the United States to curtail oil imports from Canada, a decision about which we learned a great deal more this morning from the Minister of Finance when he made his important statement.

It is true that after his announcement there was an opportunity for some hon. members to put some questions, but because of the item in our deliberations under which the minister made his statement there was, under our rules, not the same opportunity for comment about the implications of what the minister had to relate.

It seems to me that this matter is of such great importance that the opposition would not be fully discharging its responsibilities if it did not make some comment, both on the position taken by the United States and what might be regarded as circumstances altogether apart from the internal situation in the United States which may have encouraged this very far-reaching action in so far as Canada is concerned.

I am sure all hon. members recognize the significance of the development and the discovery of oil in western Canada, notably in the province of Alberta. This discovery more and more affects the economic life of our country and, as the Minister of Finance quite properly said this morning, it is a discovery which can play a very important part in our own defence efforts and in the joint defence operations of our two countries and indeed of the free world.

Anyone who has perused one of the interim reports of the Gordon commission with respect to the potential long-term value of the United States market to Canadian trade, particularly in so far as it applies to our natural resources, will appreciate how significant is this curtailment of imports of oil by the government of the United States. It is significant that from time to time there have been indications, since this government has been in office and also while we were in office, that consideration had been given by legislative and other bodies in the United States to the kind of step announced by the United States government on December 24 last. It is also significant that Canada, until recent days, was excluded from the policy pursued by the United States government in the matter of the restriction of oil imports from other producing countries in the world. We have an obligation in this house to ask ourselves why, in this particular instance, this serious action has been taken by a friendly country.

I have made mention of the study by the Gordon commission of possible Canadian sales in the United States over the next quarter century. Anyone who examines that study will see how important the United States market could prove to be for Canadian natural products and how careful on that account any government of this country must be with respect to its trade policies with the United States, in order to safeguard this great potential for trade which is available to us if we act wisely in the conduct of our commercial relations with the United States.

This does not, of course, mean that we should not also have an appreciation of our

trading relations with other countries. However, the Canadian government, both of the moment and of the morrow, should give the gravest consideration to the formulation of its economic and trade policies, having regard to our position as a country of some 16 million people, a neighbour to a country of almost 200 million people and one of the most powerful economic countries in the world.

My hon. friend said this morning that of course this government had taken steps to indicate to the United States government its strongest disapproval of and objection to the course taken. The minister reminded us that during the course of the summer, as a result of action being taken by what might, I suppose, be called an administrative tribunal, diplomatic representatives of Canada in the United States had been alert and had brought home to the United States government our concern in this matter. The minister further said that he himself, when recently attending the important North Atlantic Treaty Organization meeting in Paris, had taken advantage of the presence of Mr. Anderson, his opposite number in the United States government, to communicate to him on several occasions the importance of the possible step which he understood might be taken on the part of the United States government.

If my hon. friend engaged in that discussion with the secretary of the treasury, then he undoubtedly had strong reasons at that time for these private and informal discussions in which he expressed the concern and indicated the objections of the government of which he is a member; indeed he would be expressing in that case not only the concern of the Canadian government but that of all hon. members of this house and certainly of the people of Canada, particularly those people directly involved in terms of their own economic interest in oil production in various parts of our country.

It seems to me, however, that there is a significance in the decision taken by the government of the United States on December 24 which must not be lost to any of us. We are all aware that during the past few years, as the former secretary of state for external affairs and the former prime minister have repeatedly indicated, the economic and trade policies pursued by the government of the United States have been a source of much irritation in this country.

This is nothing new; indeed the very committee of ministers which met in Washington at the end of September—with the Minister of Finance, the Minister of Trade and Commerce, the Minister of Agriculture and the Minister of Fisheries all, I believe, in attendance—represented an organization which came into being, if my memory serves me correctly, as a result of a discussion which took place between the then prime minister of Canada, the present Leader of the Opposition, and the President of the United States several years ago when they met in the capital of the United States. The suggestion was made that because of these trade policies of the United States which were so disturbing to us, some mechanism should be set up for the purpose of enabling our two countries, at the top level, to discuss matters of serious economic concern to Canada and the United States.

So the very fact that the government of which the Leader of the Opposition was the head had something to do with the setting up of this body indicates in itself the concern the government of that time felt about some of the policies of the United States in the field of trade, as to the disposal of agricultural surplus products and the like. The significant thing, however, is this; that while the secretary of state for external affairs in the previous government did find occasion from time to time to make public pronouncements of Canadian policy in this respect, and while the former minister of trade and commerce likewise expressed the concern of the government, I think Canadians generally will now conclude that there has been a great difference between the particular diplomacy pursued by the present administration in this regard and the kind of diplomacy pursued by the previous administration.

It is certainly clear that not by loud speeches made at strategic points in the United States by ministers of the crown of this government, not by these single oratorical efforts can it be hoped that the United States government will be caused to change the course it has contemplated and embarked on. We have the statement of the Minister of Finance after he returned from his talks in Washington that he and his colleagues had received certain assurances from the United States government which gave the government of Canada reason for satisfaction. Then we were told a short time afterwards in a speech by the Minister of Finance in New York that he was far from satisfied with the assurances he had been given in Washington by officials of the United States government with regard to certain features of their trade and agricultural surplus disposal policies. Then we had the very strong speech made by the Minister of Finance in Florida, and we

noted the speech made by the Prime Minister himself last summer at Dartmouth college, New Hampshire.

Then on top of all this, serving as a sort of background, we have the statement made by the Prime Minister of Canada himself within a few moments of his return from the United Kingdom that in Canada's economic interests and those of other friendly powers it was now desirable that Canada should shift 15 per cent of its purchases from the United States, from one friendly country to another.

An hon. Member: Hear, hear.

Mr. Martin (Essex East): Someone says "hear, hear". This is an extremely important matter which affects the economic well-being of this country, and one which could in a very large measure have to do with the continuance of the high level of unemployment which now prevails in Canada. A shift of 15 per cent represents some $625 million; and while that may be a bagatelle in the combined dollar trading value which the United States has with other countries, and particularly with her best customer, is it not reasonable to conclude, Mr. Chairman, that such a deliberate policy on the part of one friendly government with regard to another may be considered as one of the reasons why the United States has deliberately resorted at this time to a 15 per cent cut in oil imports from this country?

Mr. Fleming: Utter nonsense.

Mr. Martin (Essex East): I know the Minister of Finance says "utter nonsense". This might not be an accurate statement because we do not know the full mind of the United States and, more regrettably, the hon. gentleman who is now in a position to have better information does not know much more about that mind than I do.

Mr. Fleming: I could not know less than the hon. member.

Mr. Martin (Essex East): This policy of shifting purchases from our best customer represents major departure on the part of this government, an act which may well have something to do with the important decision taken in this particular matter by the government of the United States. It is not that we are reluctant to see our trade with other countries improved. That is not the question. But I am sure events are going to prove before very long that this negative policy of shift, this policy not of trying to improve our total trade but of taking trade away from one area that means so much to Canada, will have very serious consequences not only for Canada but also for certain other countries in the commonwealth, particularly for the United Kingdom.

Is this the end? Are there to be further restrictions on Canadian exports to the United States? The Minister of Finance this morning mentioned the possibility of lead and zinc being affected. That, of course, has been mentioned from time to time. It may be that the method the United States will use in this particular will be the use of tariffs or some other instrumentality, but the result will be the same; and if and when that happens the Minister of Finance will undoubtedly say that the government of which he is a member has made strong protests.

I thought it was rather significant this morning that the document which the hon. gentleman tabled and asked to be made part of our verbatim proceedings were notes which had been exchanged not by this government but by the previous administration. As the hon. member for Rosetown-Biggar asked this morning, are there no notes to be tabled and made part of the verbatim record which have been exchanged between this government and the government of the United States? The Minister of Finance cannot say there was no time, because he told us that in the month of July there were indications of what might happen—

Mr. Fleming: Oh, no; that was an entirely different situation.

Mr. Martin (Essex East): Well, I thought it was part of this same process of study. The hon. gentleman says I am wrong and I accept his word at once; but the fact is that early in December he went to NATO. He discussed this matter with the United States secretary of the treasury at that time, and I am sure that with his great powers of perception he had a pretty good idea then what was going to happen the day before Christmas, a day when undoubtedly the United States thought the news would hurt and embarrass less.

Surely the government had every opportunity to draw up its note of protest. We are told by the Minister of Finance that the only kind of protest was an oral one. We should be very happy if we had seen the cogent, powerful language of the press release which the hon. gentleman gave out on December 24 couched in a diplomatic note exchanged between the government of the United States and the government of Canada. I well remember on another occasion, with regard to a decision made at that time by the government of the United States to limit the Canadian quota of rye and oats, the protest

made by the hon. gentleman against the kind of objection taken by the government of Canada at that time—

Mr. Knowles (Winnipeg North Centre): What did he say?

Mr. Martin (Essex East): The hon. member knows perfectly well what he said. He fumed and berated the government as perhaps it had not been berated before.

Mr. Knowles (Winnipeg North Centre): Except by him.

Mr. Martin (Essex East): The fact is that this government owes it to parliament and to the Canadian people to indicate now, or to indicate soon, whether it is persisting in this policy of a 15 per cent shift; because that policy is calculated in my judgment to bring about the very situation of which I am now complaining.

The Prime Minister has never talked about this proposal in the house. We have asked the Minister of Trade and Commerce, and I have asked the Minister of Finance and the Prime Minister himself to elaborate on this proposal. I asked the Prime Minister on one occasion if he would discuss this matter with the Prime Minister of the United Kingdom when he came to Ottawa after seeing President Eisenhower, and if he had discussed it with Prime Minister Macmillan after the latter had spent a week end in Ottawa. The answer in both instances was no. We were told when my hon. friend went to Washington, if one can believe press reports, that my hon. friend and his colleagues indicated to the United States that they were not to take this 15 per cent proposal too seriously.

Mr. Fleming: Nonsense.

Mr. Martin (Essex East): My hon. friend says "nonsense". That means that this proposal is to be taken seriously.

Mr. Fleming: That is pretty wild reasoning.

Mr. Martin (Essex East): That is the first real indication we have had in this house that it is the policy of the government to bring about a shift of Canadian purchases in the United States. I will be very interested to know, if that represents the policy of the government of this country, what effect it will have in quarters which must and do, I know, engage the very serious attention of my hon. friend.

The only reference I have seen until today with regard to this particular proposal of a 15 per cent shift was the statement made by the Prime Minister himself to the members of the press gallery on his return from the prime ministers' conference, and then in the city of Montreal on the day my hon. friend the Minister of Trade and Commerce departed with the trade mission for the United Kingdom.

The only other reference that has been made to it, other than that now made by the Minister of Finance, was by Mr. James Duncan, who said it was a desirable thing to do, it was a practical thing to do and it was the policy of the government of Canada. He was not a member of the government, and no remark of his can be construed as an official declaration. But I say to the Minister of Finance in all seriousness that he should read the editorial in the Ottawa *Journal* of December 28 on this very subject, a journal that does not support this administration—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): A journal that does not support the former administration. It is a very objective editorial. My hon. friend the Minister of Finance laughs, but if he reads that editorial carefully he will find it no laughing matter. The editorial refers to the Prime Minister's efforts at NATO and to his report in this house about the importance of that meeting; and then after pointing out that the Prime Minister indicated that economic co-operation had been put forward as one of the foremost objectives of the conference the *Journal* asks:

> But what has happened; flowered?
>
> Well, President Eisenhower had barely had time to get back to the White House and say "hello" to his family before he approved a recommendation to place restrictions on Canadian oil entering the United States.
>
> And in the light of NATO's talk about "sharing" and "pooling" resources, this for defence primarily, consider the reasons given for such restrictions. They are being resorted to, says Washington, to permit greater development of the U.S.'s own oil resources, this to "maintain assured supplies" in the United States itself for emergency purposes.
>
> Clearly therefore the United States does not believe nor at least take too much stock in what was said at NATO.

I do not say that I agree with that point of view; I merely call my hon. friend's attention to this extremely important editorial, which goes on to say:

> And when we talk about buying more from Britain just how far do we go in the one direction that would make such a thing possible, namely, the lowering of our tariffs against British goods? Actually there are before our tariff board at this moment applications from powerful Canadian interests to increase tariffs against British goods.
>
> The truth is that when it comes to "pooling" resources, to the "sharing" that NATO talked about, our own hands are not so clean that we can afford to heap strictures upon the United States or upon any other country.

That editorial writer undoubtedly was thinking of the observations made by the Minister of Finance. My hon. friend today, in what was undoubtedly an effort on his

part to minimize the seriousness of this particular action on the part of the government of the United States—

Mr. Fleming: Oh, my, no. I thought I was at pains to stress the importance that the Canadian government attaches to this action.

Mr. Martin (Essex East): That is exactly what I am saying.

Some hon. Members: Oh, oh.

Mr. Fleming: It is just the opposite to what you are saying.

Mr. Knowles (Winnipeg North Centre): I thought you boys went to the same school.

Mr. Martin (Essex East):—and in order to ease the blow that my hon. friend recognizes with regard to a matter which his government properly regards as important, my hon. friend this morning by a process of debating diversion sought to take the initiative and to indicate that his government had taken very strong steps in order to give to the United States a serious indication of this government's concern. I tell my hon. friend that having in mind the levels of unemployment we now have in this country, having in mind the economic disquietudes that prevail and which in large part are due to the discouraging effect which the policies of this government have had on the business community generally—

Mr. Fleming: That is not what you said last week.

Mr. Martin (Essex East): —the quicker this government recognizes that the most effective way of dealing with a friendly country is not to confine your diplomatic efforts entirely to wild and reckless speeches but by careful and quiet diplomacy, the kind of diplomacy that was carried on during the preceding period by my colleague the hon. member for Algoma East and the former prime minister and others—

An hon. Member: So quiet that nobody paid any attention.

Mr. Martin (Essex East): —and also pursuing policies that are recognized in most countries of the western world at this time as the kind of policies that are not only calculated to improve trade but are calculated at the same time to improve peaceful relations among friendly countries—

Mr. Thomas (Middlesex West): And increase the trade deficit.

Mr. Martin (Essex East): My hon. friend says, "increase the trade balance". You are certainly not going to increase your trade balance by a deliberate policy of taking away business. The United States is a country which along with Britain and other countries is necessary for the maintenance of a high level of income from external trade in Canada.

I have said nothing, of course, about the corollary of this whole argument, the British proposal which the Minister of Trade and Commerce did not even discuss with his opposite number when he was in Great Britain for three weeks because he had no time. Apparently no member of this government has time to discuss with the British government its important proposal for some kind of arrangement which would make this 15 per cent shift possible under the terms of GATT.

Mr. Fleming: Would my hon. friend permit a question? Does he give his support to the proposal to which I take it he has just referred, that the United Kingdom and Canada should eliminate all trade barriers between them and form something of a free trade area?

Mr. Martin (Essex East): I am glad my hon. friend asked that question. First of all, my hon. friend has refused to give this house any information about the matter in spite of the fact that I asked him on two occasions for the details of the proposal. I say to my hon. friend, having in mind his repeated statements of loyalty to the commonwealth, as though he had a pre-emptive interest in that particular loyalty, that one of the most effective ways of showing one's friendship with Great Britain would not have been to brusquely dismiss that proposal as my hon. friend did at Mont Tremblant.

Mr. Fleming: That is not true, you know.

Mr. Martin (Essex East): My hon. friend says that is not true. The only remarks that are known to have poured forth from this government with regard to the British free trade proposal were those remarks made by my hon. friend on a social occasion in the dying hours of the conference in the luxurious surroundings of Mont Tremblant.

Mr. Fleming: Wrong again.

An hon. Member: What is your attitude?

Mr. Martin (Essex East): The hon. gentleman asks what is my attitude. My attitude, and I am sure it would have been the attitude of most people, would have been that this was a proposal put forward by a friendly country, the United Kingdom. We should have said it is the kind of proposal that will engage our most sympathetic study and attention. I find in that proposal something which would be of great value to the automobile industry, for instance, an industry

which means everything to the community in which I live where there are now 20,000 men out of work.

British cars enter Canada free of duty; Canadian cars enter Britain with duty. This proposal could conceivably have the result of providing reciprocal advantages to both countries. I say that this is a proposal to which the government of the day could at least say it was prepared to give sympathetic study and consideration; but we do not know down to this minute whether the government is even prepared to do that. But the important thing—and my hon. friend cannot divert my attention from it—is that the government of the United States—not the government of Great Britain—has taken an important step in regard to a basic industry in Canada, namely the oil industry, one of our developing great natural resources, I am not saying as a result of the policy announced by the Prime Minister but from the discussions in this house, it is reasonable to argue that the decision of the government of the United States was influenced at least in part by the proposal and by suggestions that have been made by other responsible people with regard to that proposal within the course of the last two months.

The Chairman: Order. I am sorry to interrupt the hon. member but his time has expired.

Mr. Martin (Essex East): I think I have made my point and I hope the Minister of Finance sees it.

Mr. Fleming: You did not answer my question.

Mr. Argue: Mr. Chairman, I believe that all of us viewed with a great deal of concern the announcement by the United States that a 15 per cent restriction was being made on the export of Canadian oil into the western states of the United States. Certainly, it is one additional fact which casts a good deal of gloom over the whole oil industry in western Canada. Whether there is any connection between this 15 per cent shift and the other 15 per cent shift which this government has made so much of, of course we in this group have no means of knowing; but I do know that the action of the government, which seems to be one of diplomacy by insult, diplomacy by noise with the United States, has now for some months had a rather disturbing effect on the oil industry in western Canada.

This government was scarcely in office when, in the booming oil area of my constituency, reports were circulating that the attitude of the new government to United States capital coming into the oil industry of this country was adverse and certainly in—

Mr. Fleming: Where did you get that idea?

Mr. Argue: —Weyburn and district there were many reports from many people—

Mr. Fleming: A complete misconception!

Mr. Argue: —in the oil industry. Of course, the reference that the hon. member for Essex East made to speeches delivered in this house by the Minister of Finance when he was in opposition is probably one of the reasons the United States oil industry felt that the new Canadian government might not have the same general receptive attitude to United States capital coming into Canada to develop the oil industry as had the government of Saskatchewan or as was the general attitude of the previous administration.

Mr. Fleming: Will my hon. friend point to one speech that the present Minister of Finance made that tallies with the description he has given, because I can tell him that there never was any such speech and the statements made by the present Minister of Finance are quite to the contrary.

Mr. Argue: I have not said that this government at any time said it would not welcome United States capital but what I have said—and it is a statement of fact—is that the people connected with the oil industry in my constituency—and it is one of the booming new oil fields in Canada—felt that this government's general attitude to United States capital coming into this country was one which required a good deal of study and questioning.

I think that the general attitude of the government, not only in this field but in others, as far as the United States is concerned, is to make a lot of noise that apparently by results accomplishes nothing in a positive way and leads many of us to suspect that it merely makes it easier for people in the United States who would like to have restrictions imposed on Canadian products to accomplish their purpose. I have never agreed, either when the other administration was in office or since this administration took office, that all of this loud condemnation of the United States export program as far as grain is concerned was the answer or the solution of Canada's problems. Instead of making big noises to the United States I think the people of this country as well as the people of the United States, would have been much better impressed if this government had drawn up a program which would deal with the Canadian problem, instead of

making so much noise to the Americans when they were effectively dealing with their own problems.

There may be great merit in a shift of trade, but I can see little merit in the government merely saying that the shift should be brought about. There is no evidence that the shift is being brought about or that the government is taking action to bring such a shift about. Statements without action by this government lead to very serious repercussions. I think much more has to be done to improve our trade generally with other countries of the world, to expand our trade with the United Kingdom, than just sending a delegation to the United Kingdom and throwing cold water, as the government has done, on the proposals of the United Kingdom for a free trade area. I am one of those who believe that this government and our economy have so much to gain from an expansion of world trade generally that they should look at every proposal that is made by any important trading country of the world to Canada that might lead to an expansion of trade with deep consideration, with sympathy and with an open mind, to see whether in fact concrete arrangements can be established which would improve Canada's trade, would increase our own standard of living and at the same time protect legitimate interests in our country that might be adversely affected in the short run if any precipitate action was taken as far as the immediately wiping out of trade barriers and so on is concerned. But in my opinion that in no way detracts from the long-term objective which should be to reduce trade barriers and to expand trade and by so doing to improve the general standard of living of the people of this country.

The attitude of this government in a great many fields leaves much to be desired. While the government has been very vocal in its statements on the 15 per cent curtailment of oil exports to the United States, I noticed that when the Minister of Public Works was asked questions this morning about the government's consideration of action to ban the announced 3.6 per cent increase in freight rates which are likely to come into effect on January 15 it was not nearly so definite. This government was not prepared to say this morning that it would give active consideration to the request that the 3.6 per cent increase in freight rates be disallowed.

When the country is faced with widespread unemployment, when many areas are already suffering from the very great burden of freight rates, it is at such a time that we should expect the government to look very seriously at the request that the 3.6 per cent increase be disallowed. I do not understand the government having no concrete answer to the question whether they would delay the coming into effect of the 3.6 per cent increase until the eight provinces who have appealed under section 53 of the Railway Act have had a chance to present their case to the government. Surely the very least we should expect the government to do is to say that no increase in freight rates will be allowed at least until the appeal by the eight provinces has been considered by the cabinet.

But apparently the government has not even considered whether or not such a short term delay might be imposed. Whenever the Prime Minister is away it seems that the cabinet is unable to act and make a decision. When one asks whether the cabinet is prepared to consider something that is very important to the welfare of the nation one finds that nothing is being considered because the Prime Minister is away. The people of the part of Canada from which I come are strongly opposed to the increase. They feel it is another indication that their costs are to be allowed to mount week by week and month by month without any action being taken to prevent further increases.

I asked the Acting Prime Minister this morning whether the government was considering any alternative policy to allowing further horizontal increases in freight rates. His answer was that I was on a fishing expedition and that it was not fair to ask the government whether it was considering any policy other than that of allowing further horizontal increases in freight rates. I am speaking this afternoon for the purpose of asking the government, of pleading with the government to prevent the coming into effect of the 3.6 per cent increase in freight rates. I am asking the government to disallow the increase because of the further adverse affect it is bound to have on employment, because of the further burden it will impose on freight shippers in at least eight of the ten provinces. I suggest to the government that it should not allow this further increase in the cost of doing business which will bring about eventually a further increase in the cost of living.

Mr. Thomas (Middlesex West): What happens if the railways cannot meet their costs?

Mr. Argue: That is a very good question. We have to wait another few months until we receive their annual reports for 1957 but for the last year for which statistics are available, 1956, the Canadian Pacific railway made the largest profit it has ever made in its history. In 1956 the C.P.R. had net operating income after operating expenses

had been deducted of over $71,300,000, which is $5 million or $6 million higher than in any other year in the history of the corporation.

Mr. Thomas (Middlesex West): Is that on the railway itself?

Mr. Argue: That is not on the railroad alone. I will answer my friend's further question. He must have my notes in front of him because he is keeping ahead of me a little. In 1956 its net earnings from railroad operations alone amounted to over $41,300,000, the highest figure in any year since 1944. 1956 was the best year for net railway earnings that the company has had since the end of the war. Yet it is given another 3.6 per cent increase in freight rates. On July 3, 1956, it received a 7 per cent increase and on January 1, 1957 it received an additional 4 per cent or a total of 11 per cent. Although it only received the 7 per cent increase for less than a six month period in 1956 the Canadian Pacific Railway Company had the highest net railway earnings since 1944.

I think the 3.6 per cent increase now allowed by the board is an abomination. I think it is a miscarriage of justice. I think it is a shame that in this period of widespread unemployment and distress in so many industries, at this time when thousands of people engaged in agriculture are considering whether they can remain in the business or whether they are going to have to close up shop and leave their farms, the Canadian Pacific railway, probably the wealthiest company in Canada, with a record of extremely high profits, should be handed a Christmas present in the form of a 3.6 per cent increase in freight rates.

The Conservative government, whose party a few months ago was going to do so much for the people of Canada if they would give them the chance to hold the reigns of government, is not prepared to tell parliament that it will postpone the coming into effect of the 3.6 per cent increase until the eight provinces have had a chance to meet the cabinet. In my opinion this is an abdication of responsibility or just a dodge and if it is just a dodge it means that the government is prepared to offer a slap in the face to the people of eight of the provinces of Canada by not being prepared to say that it will delay the coming into effect of the increase until the provincial governments have had a chance to be heard.

I could go over some of the points that were raised at the hearing before the board of transport commissioners. The proceedings there certainly lead me to believe that the C.P.R. was in no great immediate financial distress and would not have collapsed in 1958 if the 3.6 per cent increase had not been granted. The evidence before the board of transport commissioners shows that some of the very laudable modernization that is taking place on the C.P.R. has already resulted in tremendous savings. According to the evidence produced, dieselization on the C.P.R. will save the company $45 million. Passenger service changes in 1957 will save another $9½ million. Another item referred to as the adoption of numerous technological devices will save the company a further $32 million. This amounts to a total of $86½ million by way of saving through modernization up to 1957.

According to Vice-president Emerson of the C.P.R., the full effect of the current modernization program will not be felt for some years to come. In other words, in all probability modernization will show a greater return to the company in 1958. In the 3.6 per cent increase the board of transport commissioners allowed an item that I feel should not have been allowed. The board allowed as an item of expense an amount of $9½ million the C.P.R. estimated it would probably be charged for income tax. The possible income tax of the C.P.R. was considered as a cost item in the rate making decision of the board of transport commissioners. I do not know any other companies that are allowed to calculate their income tax as part of their costs. I have never heard of private citizens being able to charge income tax as an item of expense. I have always felt that income tax was something that was paid out of net revenue and was not supposed to be charged up. It was part of the contribution that a person with a profit or a company with a profit was able to make to the national treasury for the general good.

Another thing that the Canadian Pacific has been able to make stick with our board of transport commissioners is that they have been able to keep out of any consideration of the question of rate making for freight purposes the profits the company makes from other than their rail operation. In other words, this great economic empire, which was largely built up as a result of the huge grants of land made many years ago, and other grants from the federal treasury to the amount of $88 million; the profits from this empire will not be considered by the board of transport commissioners in deciding on the rates the board will allow for the carriage of freight in this country. All the country has done in the past for the Canadian Pacific is to be used to strike out into new enterprises to make huge profits, and the results from these enterprises which were established with these land grants and cash

grants will not be considered by the board of transport commissioners when establishing the level of freight rates.

Worse than that, the Canadian Pacific is undertaking policies which result in the company competing with itself. These policies hurt the company's rail income. The Canadian Pacific has started a vast expansion into the trucking industry. The more successful this trucking subsidiary becomes, the more profit it takes from the Canadian Pacific. Then, the more successful the subsidiary becomes, according to the Canadian Pacific and also apparently according to the board of transport commissioners, the higher the freight rates that must be paid by a portion of the people of this country. The freight rates that are being increased are not the freight rates to which normal competition can be applied. The people who live in the outlying parts, the four western provinces and the four maritime provinces, have to bear the main burden of increased freight rates.

These people are coming to the conclusion that the attitude of this government is merely a continuation of the attitude of the previous administration in allowing such tremendous increases in freight rates and this is causing a severe strain on confederation itself. There is deep resentment in the maritime provinces and the prairies that action has not been taken to prevent further increases in the already disproportionate burden of freight rates that these people must bear.

The Canadian Pacific has its tentacles in many other things. It makes huge profits from things other than rail operations. The profit from sources other than rail operations amounted to over $33 million. The Canadian Pacific made almost as much in profit from non-rail operations as from rail operations. The company made around $800,000 from hotels: it earned $3.8 million from steamships. The company had dividends of just under $14 million from the Consolidated Mining and Smelting Company, which it owns and controls. It had a net income from petroleum rents, royalties, reservation fees and land rents of $9.3 million. Although those lands were donated to the Canadian Pacific by the people of this country the board of transport commissioners refuses to take into account this $9.3 million of income which the Canadian Pacific is currently obtaining from the lands which were previously given.

As I have already said, Mr. Chairman, I should like to plead with the government to disallow the 3.6 per cent increase. I do not believe the Canadian Pacific has made a case which would justify such an increase. I believe it would have an adverse effect on the Canadian economy at the present time. It would almost certainly add to unemployment and make it more difficult for the people in eight of the provinces to make a living. The result will be a further burden on the primary producers of this country. If the government is not prepared to disallow the increase, I feel there must be some alternative policy. I am suggesting that the time may soon be approaching when the government should consider a policy of subsidies from the federal treasury to the railway companies of this country if they can prove that further additional income is necessary to provide the service.

This policy has already been inaugurated to a small degree. There is an annual subsidy of $7 million now paid to the railway companies to maintain the trackage of the Canadian Pacific between Sudbury and Fort William and a comparable mileage of the Canadian National in northern Ontario. This bridge subsidy, as it is termed, might be expanded. Whatever method is used, I believe the government must prevent any further increase in freight rates. The railway companies have important costs to meet. They are caught in the same inflationary conditions as every other industry. The people who work for the railroads should not be penalized because they work in an industry over which a federal board has some control. I do not believe that the freight rate level should be kept low at the expense of the people who work for the railways. I know many of them in my constituency are, even today, working at very low wages. I am referring to the maintenance people, the sectionmen and so on.

There must be an over-all national policy which will maintain freight rates at a level the people can bear, and which will allow those who are working in the industry to maintain the regular, Canadian standard of living. I say the very worst type of policy the government could follow would be to allow the further 3.6 per cent increase in freight rates. I do not believe any government in the history of this country has ever taken office with more sympathy from the ordinary Canadian than has this government. I do not believe any government in the history of this country has ever been elected from which the public hoped and were confident that more would be done than had been done by the previous administration. After having made a trip out west during the recess, I was astonished at the extent to which the popular support of this government has fallen. I met a great many people, supporters of every political

party, as I always do when I make a visit to my constituency. I was amazed to hear so little said in a laudable fashion of this government.

The people who live on the prairies and who produce agriculture products looked with hope to this government when the house opened on October 14. They had faith in the government, they had faith in the Prime Minister and they had faith in a number of men in the cabinet whom they knew by reputation, but the faith they had in October is being dissipated at a very fast rate. They are saying: "The government has been in office since October 14; we are facing an agricultural depression which on a price-cost basis is just as bad as in the thirties and the government is not prepared to do anything about it; they are not even prepared to consider doing anything about it." I say that if the prairies areas of western Canada were to run into a series of crop failures as in the thirties, the conditions of the thirties, so far as agriculture is concerned, would in comparison look like a picnic. I say this because in the thirties the farmers might have been able to grow a few bushels of hay and a few bushels of oats to feed the horses and still have some money over, but today they have very costly equipment and every item that goes into their expenses on the farm at the present item is a cash item. Therefore they know if they had a series of crop failures in addition to the present situation they would be worse off than they were in the thirties.

I might tell the house that I was present at a meeting last Monday night in one of the larger centres in my constituency at which were representatives of farmers' unions, wheat pool organizations, local businessmen and housewives, a representative meeting which had been called as such. They invited me to give an account of some of the things I had been doing in this session so far.

An hon. Member: Did they invite Ross?

Mr. Argue: I heard he was invited at Moose Jaw and did not show up. They invited the sitting member of parliament. They discussed the economic situation; they discussed the lack of action in Ottawa and a man by the name of Clarence McKee, who is a director of the Saskatchewan wheat pool, stood up at the meeting and said that unless action was soon taken by the federal government to correct this cost-price squeeze Saskatchewan, Alberta and probably Manitoba would in the near future be organizing a mass delegation to come to Ottawa to wait on the government.

The Chairman: I am sorry to interrupt a private member but I must inform him that his time has expired.

Mr. Quelch: Mr. Chairman, we had no intention of holding up the passage of interim supply, but in view of the fact that quite a bit has been said regarding the international trade situation I would like to make a few comments. The hon. member for Essex East tried, I think, to place the blame for the action by the United States of America in cutting her imports of Canadian oil on the propostion of the present government to try to divert some of our imports from the United States to Great Britain. I personally think you have to go back a bit further to find the reason for a good deal of the bitterness which does exist in the United States today. You have only to read the United States newspapers to find that that bitterness has been developing.

I first noticed it about a year ago during the time we were discussing the pipe line in this house when a number of very bitter statements were made in the course of debate regarding United States investment in this country. Such statements were made by members of the C.C.F. party opposite—and also by members of the party now forming the government. Many of the members of the Conservative party who made such statements are now cabinet ministers. They used extremely harsh language in describing the actions of United States capitalists who were investing money in this country and were obtaining a stranglehold on certain of our industries. As I say, I think that is when this feeling of bitterness first developed.

Since then, of course, there has been much criticism of the United States surplus disposal policy, a lot of which I think has been unjustified. As a matter of fact, I feel a lot of praise is due to the United States of America for dealing with a problem which needed to be dealt with, a problem of a surplus of food on the one hand and starving people on the other. At least that country has made it possible to get that surplus food to the hungry people.

Now in so far as the shifting of imports from the United States to Great Britain is concerned, I think everyone would have to agree that to a certain extent this is a logical procedure when you have a situation where one nation has an adverse balance of trade with another nation amounting to $1 billion on the one hand and a favourable balance of trade with another nation amounting to over $300 million on the other hand. Surely in such a case the logical thing is to try to reduce the imports from the nation with

which you have an adverse balance of trade and to expand the imports from the nation with which you have a favourable balance of trade. That seems to me just plain common sense and I cannot believe for one moment that the people of the United States would resent action on the part of Canada to try to bring about a better balance of trade in that regard.

The United States of America could remedy that situation if they wanted to by buying more goods from Canada, thus enabling Canada to achieve a more favourable balance, but if the United States refuses to buy more Canadian goods then it seems to me that the logical thing for Canada to do is to try to reduce our imports from that country and to expand our imports from other countries which have an adverse balance of trade with us. I do not for one moment think the United States would resent such action because, after all, they are sound business people and realize that such action would be plain common sense and good business.

I think probably an even better way of trying to reduce our imbalance of trade with the United States, rather than diverting that trade to Great Britain, would be to expand the production in Canada of those goods which we are importing from the U.S.A. We have, after all, around 230,000 unemployed and we have had that average number of unemployed for the past year. If those men were employed they would be producing around $2,500 worth of goods and services each and we could expand our production by half a billion dollars. Increasing the domestic production of the commodities we are importing from the United States would be the most logical means of reducing our imbalance of trade. It would also bring greater wealth and prosperity to this country. I think we should be doing everything in our power to find ways and means of expanding the production in Canada of goods we are at present importing from the United States, and as we have a surplus of labour in this country it could be used for that purpose.

I would now like to say a few words with regard to finding new ways and means of expanding the markets for our agricultural produce. We in this group have for a number of years urged that where countries are unable to obtain farm products from us through the normal channels of trade, we should explore the possibility of accepting their currency or of making long-term loans to such countries so that they could buy our commodities. Provided we were willing to have a firm agreement with those countries that when we made them a loan we would accept payment of that loan in commodities and not demand payment in dollars I believe there would be a greater willingness on the part of other nations to obtain loans from us in order to buy our farm products.

The Minister of Trade and Commerce stated that the government was giving consideration to both these propositions; to the suggestion of accepting foreign currency and to the possibility of making long-term loans to nations who were not able to pay us in dollars. As I say, the Minister of Trade and Commerce told us that just a few weeks ago. But I realize that no matter how much the Minister of Trade and Commerce might like to initiate action of that kind he would have to persuade his colleagues in the cabinet to agree with him on such a policy and I wonder if the Minister of Finance could tell us some time just what his attitude toward such a policy would be, that is toward the acceptance of foreign currency where nations are not able to pay us in dollars, or to making long-term loans on the definite understanding that we would accept payment of those loans in commodities.

The United States has been able to expand its sales tremendously along those lines. I understand that they intend to expand this program even further. I do not believe we will accomplish anything by continuing to criticize the United States for this policy. I think that country fully intends to continue it, and rather than just protest I think the best thing for Canada to do would be to do likewise; not to the same extent as the United States is doing, but at least to go far enough to make it possible for nations which have an adverse balance of trade with Canada to balance their trade with us by accepting their currency and then using that currency for the purchase of their goods.

I think it is always better to try to solve our own problems rather than to expect other nations to solve them for us as we seem to be trying to get the United States to do at the present time.

(*Translation*):

Mr. Breton: Mr. Chairman, the American government's decision to cut down by 15 per cent its imports of Canadian oil is so much on a par with the Canadian Prime Minister's decision to cut down by 15 per cent our United States purchases that we cannot help feeling that one is a direct consequence of the other. As I see it, this will go on and on and, as a result, Canadian trade will be increasingly reduced.

By inviting British industry to mix sentimentality with publicity in Anglo-Canadian relations, for the purpose of drumming up trade, the Minister of Trade and Commerce follows up the suggestion made by the Prime

Minister (Mr. Diefenbaker) to shift to the United Kingdom 15 per cent of our American imports. Recent developments have shown what harm can be caused by mixing sentiment with business.

However, due to the strategy used by the Minister of Trade and Commerce during election time, Canada was already used to sentimentality. Time will show that the Conservative party lacks the objective approach and that, unfortunately, it has placed party interests above those of the country.

This visit in England, not to sell but to buy goods, proves it beyond doubt. It is not very often that commercial delegations are sent out to buy. If the mission was a success—and probably was for England—we are not so sure it was a success for Canada. We have many reasons to doubt the success of this mission which could hurt our trade with the United States and our export trade as a whole.

I should like to point out some of the reasons for doubting of the success of this mission from the point of view of Canada.

1. The United States being our main export outlet, anti-American propaganda might be rather harmful to our exporters particularly to those of our farmers whose sales to the American market reach $300 million annually.

2. Canada's foreign trade shows an unfavourable balance. Increasing our imports from the United Kingdom, even by shifting some of our trade from the United States, will be no solution at all to our trade deficit problem.

3. In wanting to increase by all means our purchases from the United Kingdom, the Canadian government runs the risk of adversely affecting Canadian industry.

4. Great Britain's policy is primarily to serve its own interests. We cannot blame her for it. But this fact should enlighten us on the prospects of a sentimental rapprochement with Great Britain. Even if the idea of diverting part of our trade is excellent, I do believe that this question of trade with Great Britain should be dealt with on a business basis. However, I blame the government for adopting a sentimental approach to this matter.

5. Canadian and British currencies are not interchangeable, whereas Canadian and American dollars are interchangeable. Mind you, the unconvertibility of sterling was decided by Great Britain to protect her own currency and her own trade, which put Canada in a very embarrassing situation and caused our getting closer to the United States.

Now, Mr. Chairman, the former government was aware of our unfavourable trade balance with the United States, and it was just as resolved as the present administration to diversify our purchases and our sales. In any well organized country, that is a perfectly normal thing to do, but the only difference, I think, between the two governments is that the present one has approached this problem with a great deal of brutality and lack of diplomacy, whereas the Liberal party was trying to solve it through diplomatic channels. As a result we now have a commercial policy which tends to drive Canada and the United States farther apart, and which will provide arguments to American protectionists to use against us in Congress.

We know perfectly well that the Hyde Park agreements, signed a few years ago by the Canadian and American governments, were founded on understanding and cordial relations. In any event, that is the only way to solve our difficulties with the United States. We know too that those agreements provided a basis for the prosperity of this country and its wartime and postwar economic expansion.

Whether we like it or not, for geographic and economic reasons, we are called upon to deal increasingly with the United States. The present government's mistake—a mistake which has led us into our present difficulties and will make them worse in the future—was to forget about the time-honoured rule of diplomacy, which should apply not only in external affairs, but in the field of commerce as well.

I hope that an American government will come into power which, like its predecessor in 1939, will understand that economic problems cannot be divorced from political issues and that, if peace is to be made secure, economic, military and political matters must be given equal importance.

(*Text*):

Mr. Howard: Mr. Chairman, I wish to draw a particular matter to the attention of the Minister of Transport and I do so even though I am aware that some arrangements are being made to attempt to overcome the problem which exists on the coast of British Columbia. I raise the matter at this time to make the minister more familiar with the problem that exists there so we can have the best possible arrangement made to meet the problem.

Yesterday the official stopping took place of the passenger service operated by Union Steamships Limited on the coast of British Columbia. We have had knowledge for some

few weeks now of the intention of this company to stop its passenger service serving the entire coastal area of British Columbia and we also know that through the Canadian maritime commission some activity has taken place to do something about it. I do not know how many hon. members realize and indeed I do not know whether the Minister of Transport himself is familiar with the serious effect that this will have if it is allowed to continue on the many coastal communities that over the years have become dependent on Union Steamships Limited for both passenger and freight service.

This particular company has been in existence since 1889 and every year since then has been servicing the up-coast points with its terminus being in Vancouver. It affects so many communities to a greater or lesser degree that it would take up too much time of the committee to attempt to enumerate the various communities and describe the manner in which they would be affected and the number of people in each community who will be affected. However, I have received a number of telegrams from various community organizations and individuals in that part of British Columbia and I am sure other hon. members have received telegrams of a similar type. In order to give you a brief indication of the effect this stoppage and curtailment of service will have and the diversity of interests that are involved I would like to mention just one or two comments in the telegrams and relate the source of these wires.

Mr. Fleming: Mr. Chairman, I wonder if my hon. friend would permit me to bring to his attention some very recent developments of which he perhaps may not be aware. The government is well aware of this matter and negotiations are under way at the present time in the hope of providing a substitute service.

Mr. Howard: I appreciate the comments of the Minister of Finance in that regard, Mr. Chairman. You may recall that we inquired today of the Minister of Transport about this matter and received the answer that we would have a detailed statement on Monday about the result of the negotiations and what the status is at the present time and what the future type of service will be. As I mentioned earlier, I want to place these remarks on *Hansard* even though the Minister of Transport is not here so that he may be a little more familiar with the situation than he may be at the moment and therefore be in a position to make the best possible arrangements for the continuation and extension of the service that was in existence up until yesterday and I hope you will allow me to proceed in this fashion.

Mr. Fleming: There is evidently no possibility of persuading the present carrier to continue the service that has existed heretofore.

Mr. Howard: Yes, Mr. Chairman, I gathered that from private discussions. However, we are not too concerned with the present carrier providing service so long as the service is provided by someone else. If, as the minister says, the government has full knowledge of the situation undoubtedly the Minister of Transport has received similar telegrams and letters from individuals and communities and I expect I could dispense with that phase of it. I would go on to point out that these people are not particularly concerned with the present carrier continuing to provide this service but they are concerned that some service be made available to them so they will not become completely isolated as will be the case for many of them if something concrete and definite is not done.

At the moment we only know that some arrangements are being made. We do not know what those arrangements are and we will not know until Monday. We cannot know at the moment whether those arrangements will be suitable. I can guess that they will not be as extensive, on the same level or with the same regularity as the service that was provided previously by Union Steamships Limited.

I wish to draw attention to some of the other aspects of this question of transportation on the coast of British Columbia. My remarks in this regard are not confined to Union Steamships Limited or to some other company which might provide a similar type of service, that is a marine passenger service, to these communities, but are directed to the general question of transportation in the coastal area of British Columbia. Before going on to discuss this I think I am entitled to raise the question as to why Union Steamships Limited gave notice a few weeks ago of its intention to stop this service on January 2.

An interesting and lengthy advertisement was placed in the Prince Rupert *Daily News* on Saturday, December 21 announcing the curtailment of service and I wish to refer to one or two paragraphs rather than the complete context of the advertisement. The advertisement reads in part as follows:

> Our representations in this current situation have been in Ottawa in complete detail for some time, and Ottawa has been equally well informed for a

number of years that the passenger services to coastal points were becoming increasingly costly to operate.

I assume that by "Ottawa" reference is made to the federal government. The following paragraph in the advertisement reads:

We are informed by Ottawa that subsidy sufficient to cover costs is not possible at this time and we are therefore regretfully forced to make this decision.

Knowing Union Steamships Limited as I do I know they have a "tongue in cheek" attitude when they say they are regretfully forced to to do something of this nature. The general thought behind the particular paragraph I read is designed to leave the impression that the federal government is at fault for the company having to curtail its freight service and stop its passenger service. It makes reference to subsidy. Other references have been made to this particular subsidy or subvention in this house in time past. As I understand it almost since the turn of the century the federal government has granted subsidies to this particular company to service some of the more remote parts of the coast of British Columbia. In my opinion the advertisement placed here by Union Steamships Limited, designed, as I am sure it is, to show that the present Conservative government rather than the company is at fault for the curtailment of service, is completely false and leaves an inaccurate impression in the minds of the people who are affected by this action. So far as I am concerned it is an attempt in the first instance by Union Steamships Limited to get a larger subsidy than it has been receiving in past years.

I am sure that this curtailment of their service was merely another little part of the game of attempting to blackmail the federal authorities into granting them a higher subsidy and in the process use the people in the various small and large communities on the coast of British Columbia as pawns in the game. I should like to make reference to another part of this advertisement which relates to the subsidy. It reads as follows:

The matter of Union Steamships' subsidy is public knowledge as the subject has been critically brought to the floor of the House of Commons by a British Columbia member on several occasions.

Of course, they do not do the hon. member the courtesy of mentioning his name but I am sure we all know to whom they refer. I do not think I would be going too far afield in saying that the hon. member is familiar to all of us. I am sure it is the hon. member for New Westminster to whom the Union Steamships refer in this particular advertisement who has, I understand from my reading of *Hansard*, raised the question of this subsidy critically and bitterly on the floor of the House of Commons while at the same time a navigation company, a competitor of the Union Steamships Company on the coast of British Columbia, was complaining just as bitterly to the Canadian maritime commission about the same subsidy. The name of that particular company is Northland Navigation Limited. This company has raised the greatest amount of fuss about this subsidy with the federal authorities and the maritime commission.

Suggestions have been made both in and out of the house that the granting of this subsidy by the previous administration to Union Steamships Limited had some political connotation. This undoubtedly arises from the fact that one of the hon. members in the other place is the president of Union Steamships Limited and has been so for probably two or three years. Whether there is any substance to the criticism that because the president of the company was of the same political complexion as the previous government he therefore was able to get more favourable consideration than other companies might get or not I do not know. Frankly, personally, I doubt very much whether that was the case. However, it has been raised; it has been questioned not by myself but by another member of this house that this is the reason why Union Steamships Limited have received this particular subsidy, and accordingly the service should be put on a competitive basis so that other companies who wanted to might be able to bid for that passenger subsidy.

As I said, one of the most vociferous companies was Northland Navigation which operate a freight service on the coast of British Columbia. It is perfectly fine to say that there must be bids and that people who can provide the best type of service should be the ones to get the subsidy on an open bid basis. That is a justifiable and a decent approach to the question of getting a subsidy. The only exception that one could take to that is that Northland Navigation Company, which raised all the fuss and the noise about the subsidy for passenger service, were themselves not able at that time, and are still not able, to provide any passenger service. They are in the freight service business. I feel justified in raising this question. There may be some political connotations to the fact that Northland Navigation has raised this issue and the fact that they were supported in their complaint by the hon. member for New Westminster. It is unfortunate that he is not in his place today because I am sure we would appreciate his thoughts and remarks on this matter.

There is a gentleman in the province of British Columbia by the name of Mr. Einar Gunderson who is known to some of us. Einar Gunderson was for one short period the minister of finance in the Social Credit administration in the province of British Columbia. Besides his many other private concerns, Mr. Gunderson is interested in and is also a director of Northland Navigation Limited, and is concerned probably from that point of view.

While we are talking about the question of Northland Navigation and one of its directors, Einar Gunderson, complaining about competition and not being able to bid for a subsidy granted by this federal government and the previous government for passenger service on the coast of British Columbia, we should have a brief look at some of the activities of the Northland Navigation Company as they apply to competition.

In British Columbia, as many people know, we have a liquor control board. From time to time beer and liquor are shipped through the liquor control board from the breweries or the distilleries to up-coast points for sale and distribution. Ever since Northland Navigation entered the picture of freight shipping, ever since Einar Gunderson became a director of the company, wherever Union Steamships—and I couple these two companies together because I am familiar with them—and Northland Navigation provided freight service to the same points, Northland Navigation now and ever since Mr. Gunderson became a director have the exclusive right to transport and ship and bring the liquor from the points in Vancouver up to the various up-coast points. Where Union Steamships used to transport some of this freight at one time they now are completely shut out and are not able to bid on the shipping of liquor to these particular spots. If the question of the free competitive spirit, as it is loosely referred to, applies in one instance, with respect to the payment of a subsidy, then certainly it should apply in the other field of shipments. Whether politics are being played there is for other people to speculate on and not for me.

The entire history of transportation services on the coast of British Columbia for many years now shows that every community—and there are many hundreds of them—every logging camp, every pulp mill, every small, isolated spot from the southern tip of British Columbia to the Alaska border, in every instance has been at the mercy of some fly-by-night corporation or company either in the air transport or the marine transport field. Anybody who has had any familiarity with it will know that that is the absolute truth. Over the years we have seen all sorts of small, two-bit airline companies with a couple of Seabees, trying to get into the show and make a few dollars by providing some sort of service. They have been providing a type of service which leaves much to be desired. We have seen on the coast of British Columbia, because some of those concerns were not able to give good, safe service, many air disasters. Many people have been killed because small air lines have been either unable or unwilling to provide a safe type of passenger service to some of those up-coast points.

We have also seen exactly the same thing taking place in the marine transporation field. Companies have started operations with a few small boats here and there and have attempted to provide some sort of service to the up-coast points but have met with the same disastrous results. People in small communities from one end of the country to the other have been subjected to the disastrous effects of the operations of these small concerns. Some years ago we could see the situation which now exists developing. Probably it will continue to exist to a lesser degree after we are informed on Monday about the arrangements which were mentioned today.

We have seen this situation coming even in the case of the large companies. People from one end of the coast to the other are at the mercy of private corporations who are more concerned about how many dollars they can milk from the people and stow away in their pockets than they are in providing service for the people who have to travel up and down the coast. It is time that we took a longer look at the question of transportation on the coast of British Columbia. The Union Steamships situation has merely brought the matter to a head. It is time that we established some sort of all-inclusive transportation system, some agency for co-ordinating all forms of transportation on the coast.

Probably the most effective way that could be done would be through a crown corporation in the transportation field on the coast of British Columbia. Such a corporation would provide air passenger and freight service and marine passenger and freight service. As a crown corporation dedicated to providing service primarily it would be in a position, depending on weather, economic and other factors, to alternate between air and marine service. There is some discussion at the present time about airline companies being able to move in where Union Steamships is moving out.

That is only possible to a limited degree. At this time of the year it is very hazardous to attempt to travel by air along the coast of British Columbia except in some of the larger aircraft that follow beams and land at adequate airports. Many times days and days are spent waiting for the weather to break so that people may get in or out.

On the other hand, marine transportation generally is not upset by weather conditions on the coast of British Columbia. I hope that by placing these suggestions on the record the Minister of Transport will be able to understand the situation a little better and will have the benefit of another point of view. In his endeavours to meet the situation I trust he will not be confined to making another deal with a private company which will have to be subsidized and I hope he will not leave the residents up and down the coast of British Columbia in the hands and at the mercy of another private corporation. It is time to co-ordinate and bring together the different forms of transportation so that the people will be provided with an adequate year round freight and passenger service by one form of transportation or another and will not be left, as they have been for the past 50 or 60 years, at the mercy of the immediate economic outlook of a private corporation.

Mr. Barnett: Mr. Chairman, I should like to join the hon. member for Skeena in saying a few words about the coastal transportation situation in the province of British Columbia. In view of the interjection by the Minister of Finance a few moments ago, I should like to say at the outset that this is a matter which should concern not only his colleague, the Minister of Transport, but every member of the government. Perhaps I should put the situation in such a manner that the Minister of Finance will appreciate its significance as far as the people of the coast of British Columbia are concerned.

I can well imagine that if the Canadian Pacific railway had made an announcement a few weeks ago that effective on January 2 it would discontinue its passenger services between Montreal and Vancouver a good many members of the house would have been expressing some concern about the situation and that even if an announcement was made by the Minister of Transport, as he did today with respect to the matter we are discussing, that negotiations were going on for the provision of an alternate service, the mere fact such a statement had been made would not set the minds of members of the house completely at ease. The fact remains that if the Minister of Transport had got up and told us that negotiations were being conducted with some other concern to provide an alternative service between Montreal and Vancouver such an announcement would have been greeted with a certain amount of understandable scepticism.

While the hon. member for Skeena and myself are undoubtedly awaiting with a good deal of interest the announcement which the Minister of Transport said he would make on Monday, nevertheless we are perfectly aware of the fact, in the light of our understanding of what he has been doing, that whatever the announcement may be it will not mean a complete solution of the problems that the hon. member for Skeena has been discussing. As the hon. member for Skeena said, this is not a matter which has cropped up suddenly overnight. The action of Union Steamships in discontinuing all passenger services has perhaps brought the matter to wider attention than was the case before because not only are most of the smaller communities on the coast affected but also a good many of the larger ones.

Therefore, Mr. Chairman, in order to give the Minister of Finance and the members of the present government some indication that this is a problem which has been in existence for some time and has been brought to the attention of the house from time to time, perhaps I might be permitted to refer to certain speeches on the subject which I have made in the house on former occasions. I have a few volumes of *Hansard* on my desk, and I find in checking back that on November 30, 1953, the occasion of the very first speech I ever made in the house, I had this to say as recorded on page 461 of *Hansard*:

> We have a situation now where, almost without notice, steamer services are being withdrawn or reduced. People are worrying. Those who have been on the islands for the last 30 years or more are suddenly left without the means of getting in their supplies.

I went on to say:

> Of course we cannot overlook the impact of air travel upon the facilities that can be provided by a coastal steamship service. Certainly no one would suggest that the advantages of air travel should be removed from those people. It seems to me a revolution is taking place in the whole transportation set-up in that coastal area . . . I believe it is a matter to which the government should be giving very careful study and attention at this time.
>
> There is a need for the development of an overall and co-ordinated policy in respect of the type of services that can be supplied to and maintained for the people on the coast. I think some study must be made as to how those services can be co-ordinated, keeping in mind possible highway developments . . .

I go on to explain that that of course would involve the authority and responsibility of the provincial government of British

Columbia. I suggest there is a great deal of similarity between the remarks I made back in 1953 and the remarks that have just been made by the hon. member for Skeena. I, too, have had a great number of telegrams in the last week or so. I can only say this, in discussing them briefly, that they bear a remarkable similarity, except they may be coming from somewhat different communities, to the telegrams and letters I was receiving back in 1953 when I made that speech.

Later on in that session we were discussing the estimates of the Department of Transport, and when we were discussing provisions for subsidized services I had some remarks to make which I addressed to the then minister of transport, the Hon. Lionel Chevrier. I said then, as found at page 5866 of *Hansard* for June 11, 1954:

> So as to complete the general picture as I see it, calculations I make would indicate that for the Atlantic coast of Canada provisions in the estimates by way of operating deficits and subventions seem to total $7,810,725, whereas, so far as I have been able to discover, for the Pacific coast of Canada at the present time we are being asked to provide the modest sum of $345,000.
>
> I am not rising in my place to ask that the amount for the Pacific coast be increased to equal that for the Atlantic, or anything like that; but I do feel the situation is one concerning which the Department of Transport and the federal government could take effective action, if they would. If I were going to put my remarks in the form of a question to the minister I suppose I would ask him whether if Vancouver island were to revert to the status it once had, when it was a separate entity from British Columbia, the federal government would then be willing to consider accepting some of the responsibilities, which apparently they do accept in respect of another island described, so the easterners tell me, as "the island" on the Atlantic coast, just as we term Vancouver island "the island" on the Pacific coast.

The Minister of Transport, as so often happens, tried to prevent the development of an extended debate on this subject, and had this to say:

> I would not want my hon. friends from the west coast, or the hon. member for Comox-Alberni, to think that his area of the country is being overlooked. It is not. But the consideration has to be in one case by way of subsidy, and in the other by way of the fulfilment of a commitment. And I hope he will not take from that any suggestion that we are not anxious to give sympathetic consideration to any application made for additional transportation service on the west coast, or to and from Vancouver island.

At that point the member for Kamloops, now the Minister of Justice, entered the discussion and he had this to say:

> I have no desire to provoke a debate, but I could not allow the minister's remarks to go by without making the observation that the provision of transportation facilities was also a term of entering confederation at the time British Columbia entered. The minister will be aware that there has been a controversy, perhaps more of historical than of practical interest, over a great many years as to whether those terms were fulfilled with respect to the provision of transportation and communication with Vancouver island.

The hon. member goes on to discuss the matter of the agreement which implied the building of a railway to Esquimalt on the southern end of Vancouver island. I hope the present Minister of Justice will be prepared to put in an oar in any discussion the cabinet has of this situation, and to point out that there is this historic responsibility on the part of the federal government to see that the people of the west coast of British Columbia have a reasonable transportation service.

Now, I gather that the hour of five o'clock has arrived—

Mr. Fleming: No, you have three minutes yet.

Mr. Barnett: Well, that discussion took place in 1953-54, and I find that on May 27, 1954, this subject matter was again brought forward by the hon. member for Comox-Alberni. I had been discussing at some length the problems of the various communities along the coast, and at page 5169 I said:

> Then we come back again to Texada island which is in the gulf. There we find a situation arising out of the fact that the C.P.R. steamer service to Powell River, which had included this island as a port of call, was being withdrawn and that the residents not only of Powell River but of Texada island were not going to have any means whatever of getting their cars in and out of that area. It is perfectly true that plans had been made for the building of a road and the establishment of a car ferry which would make car and truck transport to Powell River a possibility. But we find there a situation where a service which has been provided for years is being arbitrarily withdrawn before any substitute is provided to take its place. In the last few years that sort of thing has been happening all over the coastal area.

I mention that, Mr. Chairman, to make it clear that so far as I am concerned the Canadian Pacific steamship company has had no greater degree of interest or responsibility in maintaining service than has Union Steamships or some of the other concerns to which my hon. friend the hon. member for Skeena referred in his remarks.

The Acting Chairman (Mr. Rea): It being five o'clock, I shall rise so the house may discuss private and public bills.

CANADA ELECTIONS ACT

EXTENSION OF RIGHT TO VOTE AT ADVANCE POLLS

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 6, to amend the Canada Elections Act (voting at advance polls).

He said: Mr. Speaker, the purpose of this bill, which I have had the privilege of presenting to the House of Commons on at least

two previous occasions, is to extend the privilege of voting at the advance poll in connection with federal elections to any qualified voter who finds that he will have to be away from home on election day for any reason whatever. As hon. members are aware, there is at present in the Canada Elections Act a provision for the holding of a certain number of advance polls. However, the right to vote at those advance polls is limited to commercial travellers, fishermen, employees on railways, vessels and aircraft, together with members of the Royal Canadian Mounted Police. Even in connection with these categories of voters permission to vote at the advance polls is allowed only if the voter is away from home in pursuit of his employment as defined in the Canada Elections Act.

I am sure that hon. members will agree with me that one of the rather common grievances at election time, and as candidates in elections we do pick up these grievances, is the fact that many people find that they have to be away from home at election time and cannot vote because their absence is not covered by the provisions in the act. It seems to me that we should take a new look at this question; that we should be thoroughly consistent with our belief that the right to vote is a privilege which belongs to every one of our citizens.

If, then, the right to vote is a privilege, I submit that we have no right to take that privilege away from any one of our citizens if, for example, he has to be away from home because he is on vacation. I mention that type of absence in particular because it is a most common one so far as the grievances brought to our attention are concerned and I think it brings into focus the problem presented by this particular shortcoming in the Canada Elections Act. Surely it is no crime to be away on holidays. Surely one is not committing some misdemeanour for which he should suffer a penalty such as the loss of his right to vote. Either a citizen has the right to vote or he does not have that right and if he has it it seems to me that our elections act should safeguard it in every possible way.

In a number of the provinces in this country there are provisions for the universal right to vote at advance polls. This is true in my own province of Manitoba as well as in some other provinces and I know that in the province of Manitoba the fact that any one who finds he will be away from home on election day may vote at the advance poll does not result in an avalanche of votes being cast in this way. People do not take undue advantage of the advance polls; it is still only a small percentage of the population which votes in this manner, but the right or the privilege is there and it does remove a very serious grievance which obtains at federal elections.

In at least two provinces of this country, Saskatchewan and British Columbia, there is a provision which I think is very commendable and which is even wider. I refer to the provision for absentee voting. In each of these provinces at general election time it is possible for a person to vote if he is away from home anywhere in the province. Arrangements are made for him to make his choice among the candidates of his own constituency and then, by the machinery which has been set up, these votes are counted and added to the total of votes for the candidates in the home constituency. In other words, what is done with regard to civilian absentees at provincial elections in Saskatchewan and British Columbia is the same as is done with regard to the service vote in our federal general elections. Our service personnel are in effect absent from their home constituencies but they are not denied their right to vote. Rather their votes are taken where they are and the totals for the various candidates are added to the totals of the civilian vote.

True, any arrangement of this kind involves extra machinery and involves some delay in the final totals being arrived at but surely it is of the essence of democracy that everyone who is a qualified voter—in other words everyone who is qualified by virtue of age, citizenship and residence in the country —should have the right to exercise that vote. Furthermore that vote should not be taken away from him because the election happens to fall at a time when he has to be away, whether it be on some kind of business not covered by the act or whether it be because he is on a holiday.

I have referred again to the question of holidays because, as I say, that is the cause of the greatest number of grievances in this field and I submit that since the time when the elections act was first drafted in this country there has been a great change both in the attitude towards the taking of holidays and in the number of people who are able to take holidays. Because of these changes I submit it is time for a change in the act itself.

My bill, since it is a bill, must therefore be a complete entity in itself and it goes into many details. However, most of those details —indeed all of them—are consequential upon the basic change which is proposed. That basic change—the principle of the bill and the only change which is now before the house for consideration—is the question as to whether voting at the advance polls should be limited to the few employment categories

to which I have already referred or whether it should be made available to all those who are qualified voters. There is in the bill as I have had it drafted a provision that before a person could qualify to vote at an advance poll he would have to take an affidavit in which he would declare that he believes he will be away from home on election day. The reason does not have to be stated. In other words, any reason is sufficient so long as the voter is prepared to declare by way of an affidavit that he believes he will be away from home on election day.

This does not mean that it is a false affidavit if it turns out later that the voter is not away from home and I know that is the sort of thing that happens, for example in my province of Manitoba, where voting at advance polls is open to all qualified voters. I mention that detail just to make it clear that there is that one particular provision which imposes some limitation. In other words, a person has at least to be in the position of being able to give an affidavit to the effect that the believes he will be away from home on election day.

I hope the members who study this bill and speak to it will not get involved—first because it would be out of order to discuss the clauses of the bill in any case and, second, because these matters of detail do get away from the principle—in some of the consequential changes which are set out in the bill and which are necessary, either in the form in which they are spelled out in the bill or in some other form, on account of this principal change. In other words, if you are going to have the universal right to vote at advance polls it would follow that more people than at present will vote at these advance polls and, in the opinion of our election officials, that would seem to make necessary a longer lapse of time between the day when the advance polls close and the day when the general election is held. If there is going to have to be a longer lapse of time —not necessarily the length of time mentioned in my bill but some additional length of time—it may also be necessary to put the official nomination day a little further ahead of election day than is now the case.

However, Mr. Speaker, these are details which do not affect the basic principle of the bill; they can be changed one way or another, or the committee on privileges and elections to which I hope this bill will be referred after second reading might decide that these changes are not necessary at all and that it would be possible to carry out the idea of the universal right to vote at advance polls even with the other provisions of the act as they now stand.

[Mr. Knowles (Winnipeg North Centre).]

There has been a great deal of conjecture as to when the next election is coming. On a number of occasions, we have had it in the middle of the summer, right in the midst of the vacation period when the number of people who would have wished to vote at advance polls would, I believe, have been very large. Current rumour suggests that the election might not be held off until the summer, that it might be held on April 14 or during the third or fourth week in March. If it comes on dates of this description there would, of course, not be many people away on holiday, but there would still be people who would lose their right to vote because they would be absent from home, people in addition to those listed in the present act. But if there is to be an election in the early spring, that might give us a chance to try out this idea of giving a greater number of people the right to vote at advance polls before we experiment with the idea in the middle of summer, perhaps at the election after next, when the numbers away on vacation would be greater.

Mr. Speaker, I do not think it is necessary for me to argue further as to the merits of the principle of this bill. I urge hon. members not to become bogged down in details because none of the details is sacrosanct; any of them can be altered in the committee of privileges and elections. I recall the discussions that took place on the estimates of the Secretary of State (Mrs. Fairclough) earlier this session, and hon. members in many quarters of the house, fresh from the election of June 10, complained that nothing had yet been done about widening the privilege of voting at advance polls. Here is an opportunity to approve of the principle that any qualified voter should have the right to vote at an advance poll, and I say at this time that if this bill is given second reading I will not ask that it go immediately to the committee of the whole but will move that it be referred to the committee on privileges and elections so that it may be examined and changed if necessary to meet the wishes of members generally at that time.

Mr. Speaker, I hope it will not seem to be lacking in tact if as a clinching argument in support of my bill I refer once again to the fact that in the election campaign preceding the election of June 10 there was in one constituency of this country a most excellent piece of election literature. I refer to a well set-up four page leaflet put out in the constituency of St. Paul's by the Progressive Conservative association. I am not surprised that the candidate supported in this four-page election leaflet won his election, and indeed it gives me pleasure once again to

refer to him with esteem as our first commoner. I will not refer to the other items which are mentioned in this excellent piece of literature distributed on your behalf, sir, but I should like to read this sentence which appears on page four:

> If you are a commercial traveller, an airline pilot or stewardess, a railway employee or a sailor you may vote in the advance poll from 9 a.m. to 7 p.m., Thursday, Friday and Saturday, June 6, 7 and 8.

Then I ask the house to note the next sentence which is in parenthesis:

> Sorry, but Liberal government regulations will not permit advance poll for vacationers.

Mr. Speaker, I hope that if you are a candidate, as I trust you will be, in the next election it will not be necessary for your campaign committee in the leaflet to be prepared at that time on your behalf to put in the same sentence changing the words to read: "Sorry, but Conservative government regulations will not permit advance poll for vacationers."

I admit this is bordering on something which perhaps should not be done, that is bringing Your Honour into a debate, but I tried to do it with somewhat the same sense of humour which Your Honour uses on occasions. In that spirit it has been a pleasure to quote that complaint against the former Liberal government for not having agreed to this change in the hope that this new House of Commons will look with favour on the principle of this bill.

I say again that though there may be details about which there could be argument, let us have those arguments in committee. The only question before us is whether or not the right to vote at advance polls should be limited to commercial travellers, fishermen, employees on railways, vessels, aircraft and so on and members of the Royal Canadian Mounted Police, or whether that right should be extended to any Canadian voter who finds that he or she will have to be away from home on election day for any reason whatsoever. After all, the right to vote is a privilege, and being away on holiday is not a crime for which any person should suffer any disability as far as his rights of citizenship are concerned. I feel that the right to vote at advance polls should be extended to all qualified voters, and it is on that basis that I present this bill to the house for second reading.

Mr. John Pallett (Peel): Mr. Speaker, we listened with interest to the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) and to his suggestion that we should discuss the principle of extending the rights of voters to vote. It would seem to me that if we were to follow his argument to a logical conclusion we might say we all agree we should eliminate a cold or something of that sort, and according to that principle, that we should accept the first remedy offered. I suggest that that reasoning cannot very well be followed in dealing with a bill affecting so many people, introduced without the benefit of advice from those who are primarily concerned with the administration of the election act, and without the benefit of a much fuller discussion than would be possible during the time remaining in this session for the discussion of private members' bills.

I suggest to you, sir, that the hon. member who introduced this bill cannot have been too serious about what he actually did say, because he has introduced and put on the order paper so many other bills, and if one took seriously that he really means that this bill should be passed this session, then he would have put this bill on the order paper so that it could have come up the required number of times on private members' days and so that it could have had the full discussion it merits, instead of putting on the order paper a great many other bills which also must have full and proper discussion.

As to the principle of enlarging the franchise at the advance polls to all voters, I think that if the house will refer to the remarks of the Secretary of State (Mrs. Fairclough) when her estimates were under discussion hon. members will see that she agrees with the principle that it should be enlarged.

The bill goes a little further than the hon. member would suggest it goes. He said the amendments are merely consequential to the general principle. One small amendment he advocates is advancing the date of official nomination from two to three weeks. That could effectively eliminate certain candidates from elections. There are many people who for personal, financial or other reasons cannot be persuaded to enter the public field until a very short period of time immediately prior to election day and the adoption of the hon. member's amendment would eliminate that group from public service. I do not suppose the hon. member who introduced the bill considered for one moment that that would be the effect of it nor did he entertain any thought of having it achieve that effect but that is a consideration of which we must take note of in this house.

He suggested we do not read the bill before dealing with it. I admit I read the bill rather casually but one provision I observed suggests that the advance poll is going to be counted before the results of the general voting day are known. If those results are known to individuals they could

have a serious effect on the general vote and not necessarily a proper one. It would be something like running an advance poll in each polling subdivision, and to have the vote counted some days ahead of time more than one person would know the result as they must because each candidate would be entitled to have his agent present at the count. This would result in an advance indication of the feeling of the people who voted which would in some way have an effect on the people who came to vote on election day. We must look at this bill. We must not take the medicine that is prescribed without examining what we are taking. This course of action is what the hon. member for Winnipeg North Centre suggests should be followed.

If a proper bill amending the Canada Elections Act were introduced and referred to a commitee another subject that might be discussed is the cost of advance polls. I do not think cost is of primary importance among the considerations to be discussed in determining whether or not advance polls should be held but since we are dealing with the public purse these days it might be interesting to hon. members to appreciate that if this bill is passed and advance polls are created we would be dealing with an expenditure of approximately $250,000. This is a matter we have to take under advisement with regard to the principle in question but there are other things with which I think we can agree.

The hon. member for Winnipeg North Centre suggests that all people entitled to the franchise should be allowed to vote. He neglected to include in his remarks consideration of the people who serve this country so well overseas in the foreign service. There is no provision in the bill for granting the right to vote to these people, the absentee votes such as he described in Saskatchewan and British Columbia. If the hon. member is sincere in saying he wants all Canadians who are entitled to vote to have a vote then this bill is singularly lacking in a provision for those who are serving this country in a civilian capacity outside the country. If we are going to deal with amendments to the Canada Elections Act then we should deal with them right across the board and not on a piecemeal basis.

There are several other things we might consider. In this short session we have experienced two by-elections and have sat looking at the seat of the hon. member to be wondering exactly what day he would appear. I think an amendment that would permit a member to take his seat immediately following the by-election subject to the formalities being completed after he has taken his seat would be desirable. I came to this house by a by-election in 1954. My riding was without a representative for some months before that election was called and it was some weeks after the election before I was able to take my seat here. I see that the hon. mem- for the Yukon is not yet with us. That riding has been without representation for some months. I suggest this is another thing that could be considered in a general review of the Canada Elections Act.

I have heard it said that we might become more realistic about the expenses of elections and that we should do as they do in England and set out that no more than a certain amount of money may be spent in a riding in the conduct of an election campaign. It has also been suggested that we should make some provision in the laws of the country so that financial contributions to the political life of the country, and after all that is a vibrant part of the country, should receive some consideration in the form of being allowable expenses or something of that sort. Would it be desirable to establish a maximum of a certain amount on the money that can be spent in an election in any given riding? These are things that a review of the act might well disclose.

If we want to follow the principle enunciated by the hon. member for Winnipeg North Centre of enlarging the scope of the act to extend the privilege of voting to all those who are entitled to vote we would have to consider the taking of votes in hospitals and allowing invalids certain privileges at the polls. There are many things we would have to consider if we are to extend the franchise and I think every hon. member of this house would agree that the right to vote should be made available to every Canadian both inside or outside the country.

In my own law office I have had the experience of taking the vote of United States citizens who were in this country. They were voting in Canada in elections which were taking place in the United States. They were absentee voters. They had forms which they filled out and affidavits which were sworn, and they were allowed to vote in Canada or, for that matter, anywhere in the world, in elections taking place in the United States. I think it is a very desirable thing. It gave them a pride in their country. It gave them an opportunity to participate in the events that were taking place on that day.

We agree, Mr. Speaker, with the general idea of enlarging the franchise. That has been done, as the hon. member for Winnipeg North Centre pointed out, in many provinces.

I do not agree with the suggestion that we can deal with this bill, which I am sure the hon. member knew full well could not have a full discussion because so many other bills have been placed on the order paper, and which, his plea notwithstanding, I have read and found to be lacking in many respects. I suggest, Mr. Speaker, that the proper course for this house to follow is the course followed in connection with the bill introduced by the government, when with the advice of those people who are handling the election machinery, with the advice of the committee on privileges and elections—on which I had the honour to sit along with the hon. member for Winnipeg North Centre, which dealt very fully with this problem in 1955 and which at that time, as matters were then explained to the committee, decided not to endorse this proposal. It may be, of course, that times have changed enough so that the committee might feel that it is now opportune to advance it. These are matters that the house should know. It should know that on a reference of this matter to the committee that was the conclusion that was reached.

We have to consider all these things, Mr. Speaker, and not just one member's remarks that this is the principle, that this is the sugar-coated candy that will cure the ailments. Let us take this sugar coat off the candy and examine it. When we do we shall find that it is not a bill that effectively does what the member wants it to do or what he hopes it will do. It is not a bill that the members of this house, I am sure, feel will enlarge the franchise to the extent that every member here wishes it to do. If we are to extend the vote to everyone—and that is a desirable thing, Mr. Speaker—I suggest we have the legislation set out in language that we can support.

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I should like to say a few words on this bill to amend the Canada Elections Act. I cannot help but admire the hon. member for Winnipeg North Centre (Mr. Knowles) and his persistence in year after year bringing this question of advance polls to our attention. The question of voting, whether it be at advance polls or at any other poll that takes place, or on the regular polling day, is of great importance to us in Canada. It is a privilege that was won for us with great eloquence and persistence by our forefathers and is something of which we should be justly proud. I believe that every Canadian is proud of that right, the right to take a part in the affairs of his country, through the medium of the ballot, the medium of being allowed to vote on election day.

When the question of advance polls was discussed on the estimates of the Secretary of State (Mrs. Fairclough) I made the statement that I was in favour of enlarging the scope of those who are permitted to vote at advance polls for the simple reason, Mr. Speaker, that we are living in changing times, in times when transportation facilities have made it possible for people to live many miles away from their work. We have construction workers who, through skills that they have and positions that they occupy, do not work in the same municipality—some of them do not work in the same province—in which they live. Many of them have to leave home early on Monday morning and do not return home until late on Friday evening. The result is that when election day comes along they have their wages to make and even though they are allowed a short time in which to cast their ballots, many times they have to leave home before the polls open. The result is that they are not allowed to exercise their franchise. In fact there are people who drive 80 to 90 miles a day to their work, day in and day out, with the result that it is sometimes a tremendous hardship for them to exercise that franchise which is so important to the people of Canada. Consideration should be given to this.

When the hon. member for Peel (Mr. Pallett) was speaking he said many things about the election act which would bear investigation and revision. No doubt this question of advance polls is one that should be given considerable attention. We do know that in 1951 the act was amended and no doubt then and, as the hon. member for Peel indicated, in 1955 consideration was given to the question. However, this bill which indicates that practically anybody who for any reason whatsoever is away from home on election day, or intends to be away from home on election day, can vote gives a little too much scope to people. It would allow them to vote at whatever time they wished. I sometimes feel that in the last election we had enough indication of what could happen in the way of impersonation and unfair election practices during election day. If this amendment were made to the Canada Elections Act we would have instead of one election day probably three or four election days. What would be the result? This day is, as I indicated, so important to the people of Canada.

It is the day in which the individual citizen can take his part and his share in welding and developing the principles and the rules of law that are so important to this country. The hon. member for Winnipeg North Centre indicated that there is a lot of discussion

about the lack of interest on election day but if we had three or four election days on which practically anybody whose name was on the voter's list could vote I think the importance of election day would certainly be lessened. People would say, "well, I can vote on Thursday, Friday or Saturday of the week before." The result would be that more people would say, "Well, what is the use? It is not important." They would not bother to vote.

I think election day is too important from the point of view of Canada's welfare and history to alter the present situation too much and widen the scope to the extent that the bill before us does. If we are going to have several election days then, as the hon. member for Peel indicated, we would have a duplication of the services that are necessary on election day. Instead of having a few advance polls we would have many, with all the officers necessary to control those polls, and the result would be that expenses would mount and the cost to the country would be a great deal more than it is now. Goodness knows, we hear enough now about the tremendous cost of elections, and if we were to provide for additional days of voting at advance polls I think it would add tremendously to the cost of elections.

As I indicated, I believe that something should be done to widen the scope in order to make it possible for more people to vote who have to work away from home on election day. But I do not believe that people who want to go hunting or fishing on election day should be allowed to go to an advance poll a few days before, sign an affidavit and vote. Therefore, Mr. Speaker, I cannot support the bill.

Mr. C. A. Cathers (York North): Mr. Speaker, in rising to speak on the bill may I say that I am very interested in it because there are some phases of it with respect to which I think the hon. member for Winnipeg North Centre (Mr. Knowles) should be commended. However, I also think his approach to the bill is piecemeal and because I had so many experiences in the last election I think the whole election act should be given intensive study and properly revised. In my own riding we had one advance poll and some people who wished to vote at that poll had to make a round trip of 120 miles. I do not think any voter should be asked to do that. I made inquiries from the returning officer as to why there could not be more advance polls located in the different municipalities and he gave me the answer that in the previous election only a certain number had voted. If the establishment of an advance poll requires a certain number of people I can readily understand why more were not established in view of the distance that people have to travel in rural areas.

This is only one point where I think the act should be revised. There is also the method of enumeration. In the towns two enumerators go from door to door making their enumeration of the people who will be eligible to vote but in the rural areas only one enumerator is used. The question in my mind is why that is so. I think there should be some revision of the method of enumeration because the costs are terrific.

There is another feature which is very costly and which I fail to understand. The urban voter is provided with a complete list of names of all those eligible to vote together with the place at which he is to vote although the place to vote is usually put in such an obscure corner and in such small print that he never realizes where the polling station is and consequently is at a loss to know where to vote. But why does the rural voter not get the same treatment? He at least would be able to know that his name was on the list. Another proof that the election act should be overhauled—

Mr. Speaker: I am sure the hon. member will not mind my recalling his attention to the principle of the bill. Perhaps I allowed the hon. member for Peel (Mr. Pallett) a little too much latitude in discussing the advisability of other amendments to the election act. As I understand the bill before us, it relates precisely to one provision of the act, the provision for advance polls, and it seems to me that the principle under discussion is that of advance polls. If I am in error about that I can be corrected, but subject to that correction it seems to me it is not in order to discuss other desirable amendments to the election act on second reading of the bill now before us.

Mr. Cathers: Mr. Speaker, I was just trying to point out that this is only one part of the job that should be done.

Mr. Knowles (Winnipeg North Centre): Is that any reason for not doing this job?

Mr. Cathers: I would answer that in this way. As I said earlier, it is only doing a piece of a job and there is great urgency to do the whole job. I also agree with one of the former speakers that this is not the proper way to do the job that the hon. member for Winnipeg North Centre is endeavouring to do.

Mr. Knowles (Winnipeg North Centre): Will the hon. member permit a question? Does he realize that if the bill had suggested three or four changes in the election act hon. members from his party would have stood up and said

that they agreed with one or the other but could not vote for the bill because they did not agree with all the changes?

Mr. Hodgson: How do you know?

Mr. Knowles (Winnipeg North Centre): Because I have been here for some time.

Mr. Cathers: That may be so. As a new member, I do not know what approach members on this side of the house would have made to such a bill, but I feel that the present bill is not doing the job it should be doing. If advance polls are provided as outlined in the bill I think there will be more discrepancies such as occurred in your own riding, Mr. Speaker, in the last election and also in other ridings, I believe. In my opinion the hon. member has drafted his bill in such a loose way as to provide an opportunity for dishonest practices to creep in. I should like to see some way found to have a compulsory vote. I believe they have tried this in Australia and it has worked fairly successfully. Such a plan might eliminate some of the difficulties we have had in previous elections.

In a modern country such as this every child is registered for the baby bonus, every worker is registered for unemployment insurance or for old age pensions so, in effect, we are really given a number. Although I do not like the idea of stamping everyone with a number, the presentation of a registration card such as people carried during the last war might be sufficient to qualify them to vote at any place in the country. I hesitate to criticize this bill presented by the hon. member for Winnipeg North Centre, who has set himself up as, and possibly is, quite an authority on the rules of the house. I must say that the hon. member has been quite successful in the elections. I think I see in his bill the same lack of consistency which he has displayed in the house on many occasions during this session. He has criticized the government for delay in getting things done, and at the same time he has asked more questions and presented more bills which are of no consequence or of no immediate importance, than any other member in the house.

Now, the extension of the advance poll which the hon. member is suggesting has a good deal of merit. However, as has been suggested, I feel that a great deal more thought should be given to it, and to these other factors which I have endeavoured to outline. The advance poll is merely a small detail in a large project. I would strongly urge that during the next session, if there is no election as the hon. member for Winnipeg North Centre has proclaimed, we should give this question proper study and consideration because I do not believe dealing with one point covers the subject in an adequate manner.

Mr. C. A. Milligan (Prince Edward-Lennox): Mr. Speaker, I welcome the opportunity of making a few remarks in connection with this bill. I have listened with much interest to the comments on the bill, and I should like to commend the hon. member for Winnipeg North Centre (Mr. Knowles) for his foresight in bringing this bill before the house and also upon his determination to do something about this situation. As the hon. member has said, he has brought this bill before the house on three former occasions but no action has been taken. I think the former government was a little lax in not doing something about the matter before now.

Probably I am a little more sympathetic to this cause than some other members because on one occasion I was deprived of my vote, not because I was on holiday but because I was absent on business. I find that has happened on a number of occasions. In my own riding during the last election there was considerable criticism because some people could not vote at the advance poll as they did not qualify. I feel something should be done about it because it is a privilege and everybody should have the right to vote. I cannot say I am going to support this bill because I do not think it goes quite far enough. I believe the subject should be given considerable study, and when the matter comes before the Secretary of State (Mrs. Fairclough) some action should be taken.

Mr. Speaker: Order. The hour for consideration of private and public bills having expired, the house will revert to the business which was interrupted at five o'clock.

SUPPLY

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

The Chairman: It being six o'clock I do leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Barnett: Mr. Chairman, when the discussion was interrupted at five o'clock I had been drawing to the attention of the committee the fact that Canadian Pacific Steamships not so long ago had withdrawn

the service from the Powell River area in British Columbia. I mentioned that to illustrate the fact that the wide emergency situation created by the complete withdrawal of the Union Steamships Company's passenger services is not something new or unique. On March 22, 1954 when I was speaking on this matter I summed up the situation as I then saw it and my remarks appear at pages 5170 and 5171 of *Hansard*. I said that the arbitrary manner in which the various steamer services were being withdrawn without any regard to whether a substitute was available was certainly not creating a satisfactory situation as far as the people in the coastal areas of British Columbia were concerned. I continued in the following words:

> When I say that I do not mean that I feel steamer services should have to continue to operate where their operation is completely uneconomic. It should be obvious that with the proper development of the road system, and the use that people are making of cars and trucks, this question of car ferry service is closely tied in with a proper solution of the transportation problem on the coast.

Then I added:

> Certainly the passing of responsibility from one level of government to another is not something that should continue.

In that connection I should like to make clear, as I have attempted to do in this house on other occasions, that one of the most important aspects of the transportation system, at least so far as north Vancouver island is concerned, is the question of the construction of a highway to the northern end of the island which would connect through to the larger centres of the southern island. In view of the fact that the hon. member for New Westminster seems to have taken some interest in this question I would like to suggest to him that he might approach the government of British Columbia with respect to the need for construction of that highway. I can only hope that his intervention in this matter will prove to be as successful as apparently his intervention has been in the question of a subsidy for Union Steamships.

I would like to suggest however that if he had taken pains to look into this situation a little more carefully and had taken some action to see that the highway construction program was completed before the steamships were withdrawn that would have met much more satisfactorily the needs of the people who dwell in the communities along the upper part of Vancouver island and the adjacent mainland coast. This is a very important matter to the people dwelling along the coast and is, as I tried to indicate earlier, just as important to those people as it would be to the people of the area between Montreal and Vancouver if the C.P.R. were to discontinue its train passenger service between those centres.

This is a matter which I have been attempting to follow through from session to session and coming to the session of 1955 I find that when we were discussing the estimates of the Department of Transport on July 20, 1955 I had this to say:

> Mr. Chairman, last year when the estimates of the Minister of Transport were before the house I raised certain matters with respect to transportation problems having particular reference to the coastal areas of British Columbia, a part of which are found within my constituency. Therefore I must say I am pleased to note that on the recommendation of the present minister a royal commission has been established which is charged with the responsibility of looking into some of the problems affecting the coastal trade of Canada.

The effective date of the appointment of that royal commission, as I recall it, was March 1, 1955. We are still awaiting the report of that royal commission and I have been pressing both the Minister of Transport and his predecessor for some action in bringing forth that report. I hope the present government is not going to rest content to merely rely on a royal commission report which is still not available, the findings of which were based on hearings conducted some two years ago, and merely let the matter rest at that because certainly we have had a pretty clear indication that the situation has been going from bad to worse.

The following year of 1956, when we still had no report from the royal commission, I thought the time had come when I should attempt to take the matter into my own hands as far as this house was concerned. Therefore in that year I introduced a bill to amend the Transport Act which would have had the effect, if it had met with the approval of the house, of bringing the coastal shipping companies of the British Columbia area under the jurisdiction of the board of transport commissioners.

I pointed out in moving second reading of my bill that there are provisions in the Transport Act to cover just that point and that if it were not for a section of the act which specifically exempts ports or places in British Columbia from the operation of the act the board of transport commissioners could exercise effective jurisdiction and could have some control over the establishment and maintenance of services and the rates which were established. At the time I introduced my bill I was able to bring to the attention of the house that some of the companies were, without notice, arbitrarily raising their freight rates by as much as 33⅓ per cent in

one lump sum on commodities moving up the coast. That was one of the reasons I introduced the bill at that time.

I am sure the house will be interested to recall that following my introduction of the bill, at second reading the hon. member for Esquimalt-Saanich, now Minister of National Defence, rose to speak to my motion and I was very pleased when he said the following words which are to be found at page 3606 of *Hansard* for May 4, 1956:

> I am sure the house feels indebted to the hon. member for Comox-Alberni for having raised this important subject.

He went on to say that having thanked me for having raised the subject did not mean he was prepared to support my bill.

However he continued from his own knowledge to give some idea to the house of the type of situation existing along the coast and he described many small communities in the inlets and islands along the coast. After giving a review of some of the shipping operations he concluded his remarks by saying:

> In these circumstances I would suggest the mover of this bill consider the advisability of allowing it to stand until the report is received from the royal commission on shipping.

I am not prepared to say that I completely accepted the advice given to me at that time but the fact remains, as I said a few moments ago, that I am still waiting to see this much vaunted report of the royal commission on coastal shipping and to see what recommendations, if any, it will contain which will meet the kind of problem we are discussing here this evening. I will also, of course, be interested to see whether the present government is prepared to act upon this report. However, in view of the fact that the last time I asked the Minister of Transport about this matter he still, in effect, shrugged his shoulders and said he had no idea when the report was coming in, I would suggest that the government should, having had the situation drawn to their attention in a rather dramatic manner by the withdrawal of this service, get busy and take some constructive action on it. I think this is one of the fields of action where there must be complete co-operation between the responsible provincial and federal authorities. If the real problem is to be effectively met, there must be a co-operative effort which will consider in its planning the possibility of road construction as well as marine transport and transport by air.

Suggestions are being made in some quarters on the coast that this subsidy of $562,000 which was paid to Union Steamships last year could well have been diverted toward assisting the construction of a highway in the north Vancouver island. I remember suggesting a similar idea several years ago when I was reminding the house that the federal government used to pay a subsidy of $100,000 a year toward the operation of the steamship *Maquinna*. I believe this sort of co-operative effort and the application of a policy of proper participation in a highway program in this area would go a long way toward meeting the problem.

As I pointed out earlier this session, the Progressive Conservative candidate in my own constituency during the last election was advocating that there should be construction of a road to the north end of Vancouver island. He was suggesting at the time, erroneously, that this was something which could be done directly by the federal government by means of an extension of the trans-Canada highway. The record with regard to this was put right by the Minister of Public Works when he explained in answer to a question of mine that this was something which could only be undertaken in co-operation with the provincial government.

So, Mr. Chairman, I suggest to the government that they should not consider that this job is done when some temporary arrangement has been worked out by the Minister of Transport with some other coastal transportation company for a partial restoration of the passenger service which has heretofore been provided by Union Steamships.

Mr. Regier: Mr. Chairman, I should like to express a few thoughts before this resolution is carried. One of them has to do with the words the hon. minister used in making his announcement this afternoon when he explained to the house that he had registered a vigorous protest against the United States limitations on the import of oil to that country from Canada. I note, and I think all of us do, that this is not the first time in recent years that the United States government has placed limitations on the import of Canadian products, and the present Minister of Finance when he was in opposition listed these instances for us on July 14, 1955 where, according to page 6130 of *Hansard*, he said:

> In 1952 it took the form of restrictions on dairy imports from Canada; in 1953, more restrictions on dairy imports; in 1954, quotas on imports of Canadian oats b,arley and rye; and in 1955, steps to curtail imports on crude oil from Canada, and hardboard, and the issue there is still in the balance.

We have more recently had warning that there may be curtailment of Canadian exports of lead and zinc to the United States. This process has been going on for some time now and may become much more serious in the years ahead, and I feel that careful consideration by this committee of exactly what the

minister meant when he spoke of a vigorous protest is very warranted. The former minister of trade and commerce made several replies as to what he was doing with regard to the situation. On July 14, 1955, in reply to the present Minister of Finance, Mr. Howe said on page 6166:

> Our representations have been made, and we are hopeful that there will be no change in the tariff on hardboard.

These words have a familiar ring when we think of the words of the Minister of Finance this afternoon. Then, on page 5621 on July 4, 1955, the present Minister of Finance gave some indication that he was not satisfied with the type of reply he was receiving, and he said:

> Mr. Speaker, I should like to ask the Minister of Trade and Commerce what action the government proposes to take in view of the latest United States steps to exclude Canadian rye.

It is obvious that the present Minister of Finance was expecting the government of the day to inform the house as to what action it was intending to take. That is precisely what the Canadian people are now asking him to do. On another occasion the former minister of trade and commerce, Mr. C. D. Howe, made this statement as recorded in *Hansard* of December 14, 1953 at page 862:

> It has been the hope of the Canadian government that the United States government would in its own interest and in the interest of the free world decide not to impose any further restrictions on imports.

This was over four years ago, Mr. Chairman, but it seems by now to be obvious to all of us that the hopes which the Right Hon. C. D. Howe then entertained have not been borne out by the facts, because since then, as I mentioned previously, there have been limitations placed on the export of various Canadian products. As recorded on page 277 of *Hansard* of November 24, 1953, the hon. member for Middlesex East asked the government this:

> What about suggesting to the United States that they honour their signature to the Geneva and subsequent agreements? . . . Is the policy of the government again to be too little and too late?

We are now, in the light of our serious marketing difficulties, asking the hon. member for Eglinton, now that he is Minister of Finance and the man responsible, whether he is going to be responsible for a government policy which is going to do too little and be too late.

When I think of the nature of his reply this afternoon I cannot resist reading back to him something he had to say about another government some time ago on March 18, 1954, at which time the government of the day was not very clear in stating its intentions to parliament. He said on that occasion, as recorded at page 3130 of *Hansard*:

> The minister's answers were evasions; but the time for evasion has passed, the time for a statement of policy from the government has come—

I feel very keenly that simply registering a vigorous protest is not enough. I am not blaming the government of the United States for following the policies it is following. It has to listen to the voice of the people. It also has elections which it must face and the United States government, unless there are more powerful reasons for not doing so, will pay attention to the lobbyists in that country, will pay attention to the voters it has to face at election time. In fact some of the actions of the United States government which at times have not been very helpful to Canadian producers are not to be condemned at all. As the hon. member for Acadia pointed out so well this afternoon, and as he has pointed out on other occasions, the United States government at least has found a way of making surpluses available to those people in the world who require those things which that country has in surplus. The United States government is taking the action it has taken because of the weakness of the Canadian government both past and present.

If the Canadian government were able to convince the United States government that its vigorous protests were something more than mere words then the government of that country would consider the consequences. As it is the United States government does not have to pay any attention to us. It knows we will only continue to make vigorous protests. We will make representations, as the former minister of trade and commerce used to say, and we will let it go at that and our people are bound to suffer the hardship of unemployment that results when we lose markets.

The Canadian government has it within in its power to make the United States government pay attention to what it says. We have south of the border a customer that must have our asbestos, nickel and cobalt and that for defence purposes requires air fields in Canada. The United States requires various other concessions and certainly it needs our co-operation. The hon. member for Vancouver East pointed out this afternoon that one way in which the government could make a vigorous protest that would have some meaning would be to put severe limitations on the importation into Canada of United States refined petroleum products. I believe that even today we are importing more petroleum products than we are exporting and if I am not mistaken a very large portion comes to us

from the United States. This is one way in which we could give the United States a very direct answer.

The other matter I wish to take up deals with nuclear bombs in the air over Canadian territory. I understood that the Minister of National Defence was going to answer the question I asked the other day of the acting minister. As yet I have not had an adequate answer to this problem which is of concern to the people of Canada. I should like to know if the government of the United States has asked the permission of the Canadian government to carry nuclear weapons across our territory and, if so, has our Canadian government given such permission? If it has given such permission what safety measures are there and what assurance have the Canadian people that a horrible accident will not take place? There can be no "maybe" in this matter. We simply cannot afford to have either a hydrogen or atomic bomb or any other nuclear weapon accidentally fall on any of our Canadian towns or cities. I understand from a fairly reliable authority that regardless of the precautions that may be taken the danger of accident exists and I feel the government owes the Canadian people an assurance in this respect.

I was very pleased to hear the announcement made this afternoon by the Secretary of State for External Affairs that we are giving some aid to Ceylon. In that connection I should like to quote again the remarks of the present Minister of Finance when he was in opposition on November 18, 1953, at page 139 of *Hansard*. Dealing with the subject of aid to the underdeveloped nations of the world the hon. member for Eglinton said there are areas in the world today where people are hungry and he went on to quote Mr. Trygve Lie who is supposed to have said:

> There is no fact in the world, in terms of humanity and in terms of politics, which is more important than this: The vast majority of the people of the world live in poverty and misery and they know it and they don't like it. Most human beings are hungry today most of the time; more than half the people in the world are illiterate; half of the world population is constantly ill, and expected to die before the age of 35.

The hon. member for Eglinton then went on at some length to impress upon the government the urgent need to supply such countries as India, Pakistan and Ceylon with some of their basic needs and he referred specifically to the large supply of surplus wheat we have. As reported at page 140 of *Hansard* of that date he went on to say:

> We should go forward and say, "We are going to help you; we are going to help to feed you, and we are going to do it in a way that will strike the imagination of the eastern world, we hope of the entire world."

Unfortunately for the poor people of Ceylon there has been presented to us a splendid chance for the Minister of Finance to show the people of Canada that he meant what he said on this matter back in 1953. To send just medicine and take other such measures in terms of assisting Ceylon is unworthy of the wealth of this nation. The government proposes sending merely one, two or three airplanes loaded with supplies for 300,000 homeless refugees. I should like to recommend that we send a shipload of lumber, lumber which is in excess supply on the west coast, in order to build some homes for these 300,000 refugees or homeless people and that we offer to the government of Ceylon, let us say, one million bushels of wheat of which we have so many millions of bushels in excess supply. Ceylon is a sister nation of the commonwealth, a democracy, a new nation. And Ceylon has a fairly powerful communist party. Let us not again sit back with a policy of too little and too late and wait until Soviet Russia has made an offer to the people of Ceylon.

We could make the offer this very evening that if they could use it we will supply them with enough lumber to build their houses and with enough wheat to feed those people until they are able to plant those fields again and raise their own food. It would help us in providing employment for all our people on the west coast and in other lumbering areas. It would help Canadian agriculture; it would help us in our ideological battle against communism.

However, I do not think we should be making the offer because of those reasons and they are valid reasons in themselves. It is only right that we who have more than we need should share with those who have met with this disaster. For this reason and this reason alone we should make the offer and I appeal to the government to make such an offer to the government of Ceylon before another 24 hours roll by. Let it for once be a democracy that is ahead of the game in this ideological war.

Mr. McIvor: Mr. Chairman, I am going to make the shortest speech in this debate. I would have been very happy if I could congratulate the Minister of Finance at this time on having included in his supply bill increased pensions for retired civil servants.

Mr. Nicholson: Mr. Chairman, this morning I intended to ask the Secretary of State for External Affairs a question regarding the decision made by the government to aid Ceylon. The Secretary of State for External Affairs made a statement before I had a chance to ask him the question but, like the hon. member for Burnaby-Coquitlam, I was very disappointed that the national emergency

in Ceylon should have been treated as it was this morning. I was sorry that the new Secretary of State for External Affairs was not able to announce that on hearing of this calamity he immediately cabled the prime minister of Ceylon offering assistance on behalf of the Canadian people. I feel very strongly about this question because I, along with 12 other Canadians, was the guest of the government of Ceylon a few weeks ago. At this point I should like to thank the hon. members of my own party and the Canadian Branch of the Commonwealth Parliamentary Association for making it possible for the Canadian delegation to attend the first commonwealth parliamentary conference that has ever been held in Asia. Three countries acted as hosts: Ceylon, Pakistan and India, and about 100 delegates from all parts of the commonwealth enjoyed the wonderful hospitality extended to us by our hosts in this important part of the world.

Naturally, on Christmas day, when I heard that Ceylon was experiencing the most serious floods that they had ever had in the 2,500 years of recorded history of that very beautiful island, I hoped that Canada would rise to the occasion in a generous way. The first day's reports indicated that 94 people had lost their lives. The next day the total was up to 130 and the last report I saw indicated that 288 had lost their lives and about half as many people as we have in the province of Saskatchewan are homeless, having lost their worldly possessions and their future is uncertain because of those terrible floods. The neighbouring countries have responded very generously, and I am glad that Canada has done something. But to draw from the defence stores medical supplies and foods in a crisis of this sort does not really represent the feelings of the majority of the Canadian people.

I share the view of the hon. member for Burnaby-Coquitlam that the Minister of Finance, who expressed those very generous sentiments after he had attended a commonwealth parliamentary conference and got first-hand information regarding conditions in some parts of the commonwealth, would want to review the statement made by his colleague this morning and to have something more generous placed on the record tomorrow.

While I am on my feet I should like to take a few moments to report on the part that Canada is playing in this part of the world. In Ceylon we were told of the work that has been done in the co-operative movement by Canadians who received their training at St. Francis Xavier in Nova Scotia. There are six very important co-op centres that have been set up as a result of Canadian contributions under the Colombo plan. We heard a good deal of Mr. Gus. McDonald, who received his training at St. Francis Xavier. Although it is six or seven years since Mr. McDonald was there, for the next 25 years his name is going to be a name that will be highly regarded. When they have a difficult problem in the vegetable co-ops, for example, one of the members says: "Well, now, if Mr. McDonald was here he would suggest that we approach this problem in this way. He would not approve of the suggestions that have been made by one of the members," and whoever can express the considered opinion of what Mr. McDonald would do in a given situation carries a good deal of influence.

Naturally, we were pleased to hear of the part that the Canadian homemakers and women's institutes have played in improving the standard of living of their sister women in Ceylon. Lady Coomer Aswamy, the wife of the high commissioner designate from Ceylon to Canada, has been very active in organizing the country women of Ceylon. We saw her report and noted with some pride that Canada was right at the top of the list of contributors and had made a more generous contribution to the work of keeping the country women of Ceylon than rich countries such as the United States and Great Britain. I am sure that during the lifetime of all the people in Ceylon the fact that Canadian women who have never been to Ceylon have been willing to make investments in order that there might be nursery education, health centres, and classes in home management to make life a little more tolerable for the people of that area, will be greatly appreciated.

We did not see Professor Hardy, a very distinguished professor, from the University of Saskatchewan. He has been in Ceylon now for several years under F.A.O. When I learned that Canada contributes a little over two cents per person per year to the work of F.A.O. I realized that Professor Hardy has been able to go out there and spend six years to help introduce new methods of cultivation in that area. I feel that Canadians generally should have the opportunity to know more of the work that is being done by some of our Canadians who go out under schemes such as W.H.O. and F.A.O. and other schemes promoted by specialized agencies of the United Nations.

I realize that while we have so many unsolved problems in Canada, governments do receive criticism for spending any money outside the country; but when one realizes that for two cents per person per year a man with Professor Hardy's outlook on life, his background—he has been president of

the trustees association of Saskatchewan; he was an outstanding rugby player when he was much younger than he is now—, with all his vast experience, can go to that part of the world and start life over again when he had an assured future in the province among his friends, is something for which Canadians have reason to be proud.

In Pakistan we had the good fortune to meet some of the Canadians who are working on the Warsak power project. Again, we were proud of the fact that these young engineers had gone out there with their wives and children in order to provide power and irrigation projects for the people in that area. We also met a group of engineers in Pakistan who had spent some months in Canada under the Colombo plan studying the operations of the Canadian National and Canadian Pacific railways. While they naturally appreciated the know-how they were able to obtain from their study of our railways, the thing I remember most is the tribute they paid to the rank and file of the Canadian people. They said they could not get over the fact that when they sat down in a restaurant in Winnipeg, Calgary, Vancouver, Moncton or wherever it might be, Canadians, recognizing that they were strangers, came to their table and said, "We see you are strangers. Where is your home and what are you doing here?" Before they knew what had happened they had formed new friends and Canadian people had taken them to their homes.

It does not require a great deal of effort to take a person from another country into your home once in one's lifetime but it does mean a great deal to people who are in a strange country and away from their friends to find that they are accepted, given a chance to meet our people and to see something of home life in Canada by visiting the homes of complete strangers. Naturally we were quite thrilled to have this tribute paid to the rank and file of Canadians. These engineers did not remember any names and we were not asked to bring messages to any people who had entertained them but they were greatly impressed by the generosity of complete strangers who did not want anything from them but merely wanted their stay to be as pleasant as possible.

Naturally we spent a major part of our time in India where the commonwealth parliamentary association met for the first time in the capital of that country. This is a very important part of the world. One cannot realize the problems that exist without actually going there. We had read about these countries during our school days, but it is hard for us to realize, for example, that a million babies are born every month and that in sixteen months time as many babies are born in India as the total population of Canada.

India is embarking on a program to provide education for all children between the ages of 6 and 14. How many children are there in this age group? There are over 60 million, nearly four times as many as the entire population of Canada. They are going to have a host of problems for years to come. I think it was two weeks ago yesterday that some of our delegates visited one of the villages where 100 children met in one school, half of them in the morning and half of them in the afternoon. In this school there are no doors, windows or floors. The children sit on sacks on the ground with their legs crossed and only have a very small blackboard, but in many of these villages the children are receiving an education for the first time in the history of the country.

In one of the schools the teacher explained that the school was being conducted on the parliamentary basis. They had a prime minister and ministers of agriculture, education and health. We asked to meet the prime minister. A little lad twelve years of age came to the side of the school where we stood and explained that it was his duty to see that his colleagues discharged their respective responsibilities. We asked to see the minister of health. He had to see that the children had their faces and hands washed before they came to school. We then asked to see the minister of education. She was the most beautiful minister of education I have ever seen, with jet black eyes and braids down her back. She was only ten years old but she was emphasizing the importance of having good books in the school, of having the blackboard cleaned every morning before school started and seeing that the school was as tidy and the children as orderly as possible. I am sure that in 10 or 15 years time these children, who have only known what school is like for two years, are going to be taking a very important part in the life of that country.

Two days previously we had gone to Agra to the Taj Mahal. Hundreds of years ago 20,000 people worked for nearly 20 years to construct one of the most beautiful buildings I have seen. It is truly one of the seven wonders of the world. The people who worked on the project travelled miles from their peasant homes and worked long hours. When they finished they did have one of the most beautiful buildings in the world but I am sure that the peasants of today who see their children having the chance to go to school are getting a great deal more satisfaction out of the achievements of

modern India than their great grandfathers did years ago by participating in the building of this great structure.

In India and in China to the north important experiments are under way. Both countries are fighting the ancient enemies of mankind, ignorance, disease and poverty. China has adopted communist techniques and is following a totalitarian pattern but in India the people are determined to work out a solution of their problems by the parliamentary system and democratic methods. I think it is very important that those of us in more fortunate areas of the world should appreciate more fully the importance of the experiments in this part of the world. Since we pride ourselves on belonging to a commonwealth of nations concerned about the common good, I do not think we can indefinitely accept a situation where in a country like Canada we have an average income 40 or 50 times as high as the people of India. We accept the fact that a baby born in Canada can expect to live to be 65 or 70 but we have not accepted the responsibility of seeing that the know-how that has made it possible to extend our life expectancy is made available to other countries. The life expectancy in some of these areas in Asia is less than half what it is in Canada. Hollywood has been successful in conveying the impression to Asia and Africa that this is a fairyland and that on this side of the Atlantic we have very high standards of living. Actually the standards of living are not as high as the people who see Hollywood pictures conclude but the fact is that our health records and living standards are very high. We place second to the United States, being higher than Great Britain, Australia and New Zealand, and I think a contribution of two cents per person per year to F.A.O. is not good enough in a country as rich as Canada.

The hon. member for Lanark, the leader of our delegation, the hon. member for Swift Current-Maple Creek and I had the pleasure to be present in Bombay when the first shipment of Canadian wheat was turned over to India. The hon. member for Swift Current-Maple Creek made a few brief remarks after the Canadian trade commissioner had spoken. Perhaps the Canadian people might appreciate how serious famine conditions are in that part of the world this year if they realized that rice, the staple food, cannot be used in Pakistan if more than 25 people are together at any one gathering. Rice is being rationed in parts of India. When you consider the very large supplies of wheat we have available in Canada, and the fact that Canadian wheat is prized very highly because it blends well with wheat in that part of the world, then you realize that our most recent contribution of $7 million worth of wheat is going to create a great deal of good will. It is going to make it possible for children to live through this winter, when death would have been the alternative.

Really, this $7 million does not put a great strain on Canadian resources. I understand that is less than we spend in two days on our defence program. However, there is a limit to what 16 million people can do towards solving the problem of 360 million in India, 80 million in Pakistan and 8 million in Ceylon. I believe we could be more generous than the statement made by the Secretary of State for External Affairs this morning would indicate in a situation where serious flood conditions have removed the life accumulations of 400,000 or 500,000 people and taken another large group to an early death. I think we could continue to participate more generously in supplying personnel to these countries.

In Bombay we met a young Canadian engineer who had only been in India for two months working on the atomic energy reactor. I was somewhat surprised to find that this young engineer said before he was in India for a week he decided he should know more about the country and its background. He decided a good book to start with would be Ghandi's autobiography. He had just finished reading over 1,000 pages and was greatly impressed by the contribution that Ghandi had made to India and to the world. Believe me, the people in India are greatly impressed by the fact that a young Canadian engineer, who has seen a great deal of the world and is not going to be in India for the rest of his life, settles down within two weeks of his arrival to try to understand more about the country and more about the people.

My last words before I sit down are to the effect that I believe we must find ways and means in the future of making it possible for more members of parliament to visit other parts of the commonwealth. I understand that since the last election two ministers have been around the world in a government plane. The former minister of national health and welfare went around the world about a year ago. He took some press correspondents with him, and I do not criticize that. I think the correspondents for Canadian newspapers should get a chance to see the world. We are living now in a very small world. I think it is unfortunate that of the 13 Canadians who went as delegates, not one had been outside Canada before on any mission of this sort.

Since we have had a large measure of agreement in parliament here over the years on the importance of the Colombo plan, and

the role that Canada should play towards creating a better understanding, I think that when a government plane is flying all the way around the world it would not be unreasonable if the cabinet ministers concerned were to take a couple of private members from the government side and from the opposition and the Senate. We had two government members in our delegation, two members of the official opposition, one from the Social Credit and one from this party, and a member of the Senate. I believe a delegation of that size might reasonably be taken on these important trips to international meetings of the World Health Organization, the Food and Agriculture Organization, meetings of the Colombo plan, and so on.

As conditions in Canada become more difficult there is going to be more criticism about using funds outside of Canada while we have so many unsolved problems in this country. I do not believe, in this critical period of the world's history, any country can wait until all domestic problems are solved before participating more actively in solving the problems of the commonwealth and of the whole world. I make a special plea, therefore, to the Minister of Finance, who had the good fortune to go to Africa when he was a private member, to use his good offices to see that when government planes are flying around the world at public expense consideration is given to having an all-party delegation go along so that the elected representatives of the people will be able to give first-hand information to their people back home regarding the importance of Canada participating in solving these complicated national and international problems.

The Deputy Chairman: Shall the resolution carry?

Mr. Marler: Is the Minister of Finance going to answer the request for information which I made this morning?

Mr. Fleming: The matter has been dealt with several times. I have indicated on several occasions the way in which that information would be given to the house in committee of supply as the estimates of each department are considered. I think that is the proper way to put the information before the house, so the minister concerned can, in each case, give all the information required by the committee.

Mr. Marler: This causes me to recall the days when I was minister of transport and the present Prime Minister used to ask questions about the internal operations of Canadian National railways. He used to refer constantly to the curtain of secrecy which surrounded the operations of Canadian National. I cannot help but think we are getting an actual iron curtain around this $64 million.

Mr. Fleming: The hon. member does not think that at all.

Resolution reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Casselman in the chair.

Mr. Fleming moved:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1958, the sum of $272,372,511.08, be granted out of the consolidated revenue fund of Canada, as set forth in the resolution concurred in this date in the committee of supply.

Resolution reported and concurred in.

Mr. Fleming thereupon moved for leave to introduce Bill No. 242, for granting to Her Majesty certain sums of money for the public service of the financial year ending March 31, 1958.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the said bill be read a second time? Now?

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Fleming moved the second reading of the bill.

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

Sections 1 to 9 inclusive agreed to.

The Deputy Chairman: Shall the schedule carry?

Mr. Knowles (Winnipeg North Centre): Before the schedule carries may I ask the Minister of Finance if, in conformity with the statement made by one of the ministers this morning, it is intended to introduce further supplementary estimates at a later date?

Mr. Fleming: Mr. Chairman, some time before the close of the present fiscal year there will, of course, have to be introduced further supplementary estimates. Precisely when they will be introduced I am not now in a position to say.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time? Now?

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Fleming moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

240. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including costs incurred in the participation of the Canadian forces in the United Nations emergency force and contributions toward the military costs of the North Atlantic treaty organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $130,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,338,164,131 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,521,731,982 will come due for payment in future years), $1,669,450,149.

The Deputy Chairman: Order. Department of National Defence, Vote 240. The item will be found on page 47 of the Blue Book, details on page 313. On Thursday, December 5, last, when this matter was last under discussion by the committee, general discussion had been completed and the committee was considering the details under the various headings set out on pages 313 to 315. Discussion had been concluded on the heading "Departmental Administration" and was proceeding on the heading "Inspection Services", page 315, when the committee rose. Has discussion under this heading been concluded? If so, discussion of the next heading commencing at page 318 is in order.

Mr. Henderson: I do not think, Mr. Chairman, that we had completed this discussion. We were on inspection services and at that stage the minister rose to give a statement on certain savings which he had effected on various items and I was under the impression when we were drawing to a close on December 5 that the minister was to have a statement ready for the further discussion on the estimates with particular regard to those items on which such savings had been effected. I was wondering if the hon. minister would be prepared to open his discussion today on that basis.

[Mr. Speaker.]

Mr. Pearkes: In answer to the question which was asked on this particular item, Mr. Chairman, I was requested to state how much had been spent during the fiscal year of 1956 to 1957 on inspection services.

The amount spent was $8,088,389 out of an estimate of $10,105,000. This year, out of an estimate of $9,649,000, it is estimated that there will be an expenditure of $8,217,733. Thus in the year 1956 to 1957, there was a saving or money unspent totalling $2,016,611. This year, having taken into consideration when the estimates were prepared and the saving or the unspent money of last year, it is estimated there will be a saving of $1,431,-267. This estimate of the unspent money is due to the completion of much of the procurement program and, therefore, less money is required for the inspection services.

The Deputy Chairman: Shall the item carry?

Mr. Henderson: Do you mean the item, Mr. Chairman, or the section of the item?

The Deputy Chairman: The section. Any discussion on the heading "Navy". Royal Canadian naval reserve on page 325.

Mr. Chevrier: May I ask a question of the minister? What is the position with reference to the naval reserve; is it in the same position as the militia?

Mr. Pearkes: The role of the naval reserves in Canada is to provide personnel to complete the shore and ship establishments in the event of an emergency. They would only have a secondary role as an aid to the civil power. It is anticipated that if an emergency arose many of the regular personnel of the shore establishments would at once complete the ships' complement. The ships at the present time are manned at approximately 70 per cent of their wartime complement and the rest of the personnel are on training courses and at various shore establishments. Naval reserves in the event of an emergency would then take over those shore establishments and help to complete the establishments' complement.

Mr. Chevrier: What I had in mind, Mr. Chairman, was this: some weeks ago the minister made a statement with reference to the curtailment of activities of the militia reserves in Canada, and I wonder whether the same appertained to the naval reserve.

Mr. Pearkes: The naval reserves are kept at the establishment required to fulfil the function I have just mentioned.

Mr. Chevrier: There is no change?

Mr. Pearkes: There is no change in the functions of the naval reserve.

Mr. Bourget: Is it the intention of the minister to ask tenders for two, three or four destroyer escorts this year, or only for two this year and two next year?

Mr. Pearkes: Orders have been prepared for two replacement vessels, namely two destroyer escorts this year, and the long leads have been prepared for two more vessels which will probably be ordered a year hence.

Mr. Bourget: Was money included in this year's estimate for four destroyer escort vessels?

Mr. Pearkes: No—two this year and the long leads for two more—two this year, and to get ready two more in the immediate future.

Mr. Chevrier: Mr. Chairman, may I ask the minister a question with reference to one of the naval ships which was built at considerable cost under the former administration, the H.M.C.S. *Labrador,* and which was equipped, in a special manner for defence in the northernmost parts of Canada. Was the transfer of the *Labrador* from the minister's department to the Department of Transport effected with his consent, and would the minister tell us why this ship, which to my mind, at least, appeared to be a naval vessel of a particular type for an area which was required to be patrolled by the navy, should have been transferred to what is a peacetime department?

Mr. Pearkes: Yes, it was considered that the icebreaker, H.M.C.S. *Labrador* would be able to carry out more effective work under the Department of Transport than if it remained in the Royal Canadian Navy. There are other means of patrolling the northern waters and it was felt that more efficient and more general employment could be found for the *Labrador* under the Department of Transport.

Mr. Chevrier: I agree that it is probably the case that the Department of Transport would have a requirement and a need for additional icebreaking services as the Minister of Transport indicated to the house, but the point I am making is that the *Labrador* was equipped with special equipment for defence purposes. What is to become of that equipment which, I am sure, cannot be required for peacetime purposes and certainly cannot be required for icebreaking work in the St. Lawrence.

Mr. Pearkes: The equipment which was on the *Labrador* and which will not be required by the Department of Transport will be held in naval stores in case at some future time a further requirement for it arises.

Mr. Pearson: Is it true that this equipment to which reference has been made is very expensive, very specialized and very valuable and intended for the important purpose of detecting underwater craft which might be in northern seas under the ice, and that there is no other similar equipment available in any other Canadian naval ship for use in those waters?

Mr. Pearkes: No, I can assure the hon. gentleman that that is not correct.

Mr. Henderson: Aside from the question of the ship itself, I understand there was accommodation provided on the *Labrador* for the training of about 210 naval personnel under Arctic conditions. I should like to ask the minister how he is providing now for the training of personnel in the specialized conditions which exist in the Arctic.

Mr. Pearkes: The naval personnel receive their training in the other vessels of the Royal Canadian Navy.

Mr. Chevrier: May I clear up a point with reference to the *Labrador*? I understood the minister to say a moment ago that much of the equipment was kept in naval stores and that it could be used for other purposes. However, my understanding is—and the minister will correct me if I am in error—that much of this equipment, indeed the larger part of it, is fixed to the ship, is part of the ship itself, and therefore is used and could be used for defence purposes in the far north. That being the case, what becomes of this valuable equipment, the cost of which runs, I am told, into millions of dollars?

Mr. Pearkes: I wonder if the hon. gentleman could tell me the nature of the equipment to which he is referring. As far as I know, what naval equipment is not required by H.M.C.S. *Labrador* by the Department of Transport has been removed or is in the process now of being removed and placed in store.

Mr. Pearson: Does the fact that it has been removed now and put into store mean that it was of no particular value when the *Labrador* was with the Royal Canadian Navy? And if it was of value, what is taking its place?

Mr. Pearkes: I understand it was mainly communication equipment which was on the *Labrador* and which has been removed. There was no major armament on the *Labrador* when she was used as an icebreaker.

Mr. Henderson: Getting back to the question of personnel, what other Canadian ships

could offer the same training in the Arctic for naval personnel as the *Labrador* could?

Mr. Pearkes: The frigates and destroyers stationed on the Atlantic station.

Mr. Chevrier: What other naval ships are in Arctic waters?

Mr. Pearkes: I do not think there are any Canadian ships in Arctic waters at the present time.

Mr. Pearson: Mr. Chairman, does the minister know—perhaps he does not know offhand —whether there are United States naval vessels in Arctic waters.

Mr. Pearkes: I cannot tell the hon. gentleman the disposition of the United States naval vessels.

Mr. Batten: Mr. Chairman, I wonder if the minister would be in the position, either now or at any future time before the consideration of his estimates is complete, to give us some information about H.M.C.S. *Caribou* at Corner Brook, Newfoundland and say, if it is proposed to have this unit carry on, what accommodation for this unit will be provided in the Corner Brook armouries.

Mr. Pearkes: That, I understand, is one of the reserve divisions of the Royal Canadian Navy and is stationed at Corner Brook. I am afraid I have not the information immediately available as to the type of accommodation it is using but I shall be very pleased to give the hon. member that information as soon as I have obtained it. I am told that the division is using the armoury which is located at Corner Brook at the present time.

Mr. Batten: Mr. Chairman, I think the minister is quite right in saying they are using the armouries at Corner Brook but I understand the accommodation provided for that unit is not at all satisfactory under the circumstances and my question related to the fact that there was some talk of more money being spent on the armoury to provide for the unit accommodation more commensurate with the work they are trying to do.

Mr. Pearkes: I thank the hon. member for his interest in this unit and I will have the question of the accommodation looked into.

Mr. Pickersgill: While we are discussing Newfoundland I wonder if I could ask the minister what progress is being made with the armouries at St. John's. I understand a site was acquired and plans were in progress some time ago.

Mr. Pearkes: That is an army armouries, is it not?

Mr. Pickersgill: I beg the minister's pardon.

[Mr. Henderson.]

Mr. Pearkes: If so, it will be more convenient to answer it when we are dealing with the army.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I ask a question supplementary to the one asked by the hon. member for Algoma East. I appreciate the difficulty the minister is put in if he is asked about the disposition of the ships of another power such as those of the United States but if the question asked by the hon. member for Algoma East could be narrowed so that it reads, "Could we be told whether there are any United States naval ships in Canadian Arctic waters?" is that not a proper question to be answered in the Canadian House of Commons?

Mr. Pearkes: I do not think there are at the present time any United States vessels in Canadian Arctic waters but I will have that checked and let the hon. gentleman know.

Mr. Henderson: Mr. Chairman, I wonder if the minister could tell us how much of a saving he effected in the navy and how much was actually spent for the year 1956-57?

Mr. Pearkes: The estimates for the navy for 1956-57 were $325 million. Of that amount of money the actual expenditures were $326,684,471, an over-expenditure of $1,684,471. This year the estimate is for $272,798,000 of which it is expected at the present time to spend $271,821,800. That is an under-expenditure of $976,200.

Mr. Macdonald (Vancouver-Kingsway): Mr. Chairman, perhaps as this bureau covers the three forces under the department I might ask the minister whether or not the bureau of current affairs has been discontinued?

Mr. Pearkes: The bureau of current affairs has been discontinued but that does not come under this item.

Mr. Macdonald (Vancouver-Kingsway): I should like to ask the minister what saving was achieved by the discontinuance of that bureau. Perhaps he would like to give the answer at a later time. I would also ask why the department saw fit to discontinue that form of education, recreation and enlightenment through the services and on what date that service was cut off?

Mr. Pearkes: Mr. Chairman, this item comes under departmental administration which has already been discussed. I do not have the actual officials here but speaking from memory I believe a saving of $300,000 was effected. The services carried out by the bureau of current affairs are now being

carried out as they had been prior to the Korean war by the officers of the respective services.

The Deputy Chairman: Am I correct in assuming that we have now covered all the items with respect to the navy down to the heading "Army" on page 326?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I should like to ask a question with regard to certain words which appear in the middle of page 326 just above the subheading "Army". I refer to the phrase:

Less—The estimated amount to be paid from the special account and the estimated credits from transfers of equipment charged to mutual aid.

Opposite that wording appears the figure $36,242,000. I note that there are similar entries in the details of the other services. I wonder if the minister could explain this novel bit of bookkeeping?

Mr. Pearkes: A special account is set up when equipment is transferred to Mutual Aid and that is reflected in this item to which the hon. member is referring. That is the amount of the equipment which has been transferred from the navy to Mutual Aid.

Mr. Pearson: Mr. Chairman, could the minister tell us on what basis the valuation of that equipment is made?

Mr. Pearkes: I understand that there is a regular scale of values set up which has been agreed to by the various countries and we work to a definite formula. I have not the actual formula before me at the moment but there is a formula and a regular scale of valuation.

Mr. Pearson: Did I understand the minister to say that that scale of values is agreed to with the government of the country receiving the mutual aid before it is charged to this special account?

Mr. Pearkes: No, it is not agreed to by the country receiving it but any old equipment which is disposed of is set at a certain valuation which will cover the cost of packing and shipping that equipment. New equipment is passed to the receiving country through the Mutual Aid organization at cost.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, could the minister explain how this item appears as though it were a cash credit? As I look at this page of the estimates it would appear that we are called upon to lay out the sum of $309 million to cover certain items but actually we have to lay out only $272 million because we get this $36 million back. Does that $36 million come in cash in some way or is it a bookkeeping entry? In any case where does it come from?

Mr. Pearkes: This is crediting to the navy certain naval equipment which has been given to the NATO countries as mutual aid. You will see it reflected in the details on page 347, transfers to NATO countries of equipment from service stocks.

The Deputy Chairman: Shall this section carry?

Some hon. Members: Agreed.

The Deputy Chairman: The next section starts with the heading "Army" at page 326. It would appear to run to page 334, and include the item of $444,467,000 at the top of the page. Is it satisfactory that the item be combined? Shall the item carry?

Mr. Henderson: Mr. Chairman, there is one aspect of the army that I should like to deal with at this time. Probably the minister can deal with it. Will the colleges operated by the services come under this item? I refer particularly to Royal Roads and the Royal Military College at Kingston. I understand the services are now in the position where an insufficient number of students with the high qualifications required are now applying in the ordinary way to enter these colleges and that more training could be conducted at these colleges than is being done at the present time. I think we might expand the entrance qualifications, not necessarily on the intellectual side, to include other groups of the services for admission as students to colleges such as the Royal Military College. I refer particularly to a group of applicants who might be included from the reserve forces of Canada. There are young men in those forces who might wish to continue their education and get it at the Royal Military College, at Royal Roads or at the other college. Has the minister given any consideration to expanding the groups who may enter those service colleges to include persons who are taking their reserve training at the present time?

There is one other point that I should like to mention and it has to do with the Royal Military College at Kingston. I hope the committee will forgive me for mentioning a local matter; but I believe the colleges are now in a position where they must compete with all other colleges of North America for their staff. Any college to have a good staff must compete in facilities, just as other colleges in Canada must do. It is not unusual for the colleges of Canada to be erecting more and larger buildings and providing more facilities for the staff to work in. We

know that service colleges such as the Royal Military College have had their building programs restricted. I believe that if those programs are restricted we will not be able to compete and get as good professors, nor will we be in a position to provide an education for as many young Canadians. I must say that they do get a fine education at the Royal Military College. Will the minister tell us whether the buildings which were to be constructed, and which at the present time have been held up for one reason or another, will be constructed within the near future?

Mr. Pearkes: I have noticed the hon. member's interest in the Royal Military College at Kingston and it is very much appreciated. The Royal Military College is administered by the army. Royal Roads is administered by the navy. The Royal Military College now has the maximum number of cadets that can be accommodated at the college. It receives not only first year cadets but third and fourth year cadets from colleges such as Royal Roads and the College Militaire. It is not the intention to extend the number of cadets being trained at the Royal Military College, as the supply of officers from the service colleges, and from the other means by which men can qualify for a commission, is meeting the full requirements of the Canadian army at the present time.

The hon. gentleman asked about buildings. There is a plan at the present time for a new library, which I believe is to include certain laboratories as well as lecture rooms. There has been some difficulty in completing the design of the building and it is hoped that construction of the building will start in the next financial year.

Mr. Deniset: Have we reached the item "Canadian militia" or are we just getting to it?

The Deputy Chairman: We are just coming to it.

Mr. Nicholson: There is an item here for medical and dental consultants, $2,453,000. Can the minister give us a breakdown of this item and will he be good enough to say what progress is being made in eliminating the overlapping in the medical services of the navy, army and air force? I understand we are still maintaining three separate medical establishments for those services.

Mr. Pearkes: Serious study is being carried out now as to the advisability of amalgamating several of the administrative services such as the medical services of the navy, the army and the air force. Progress is being made along that line. There are certain specialists who are now tri-service in nature and, furthermore, in certain stations the medical staff of one service look after the medical and health requirements of the other services which are located at that particular station. For instance, at Esquimalt in British Columbia there is a hospital run by the navy. The navy medical personnel staff that hospital. Army personnel and air force personnel in the vicinity are sent to that navy hospital. We are taking every possible course open to us to eliminate any duplication in the services, but it is not an easy matter completely to integrate the three services and to have one medical service for all the three services, the navy, the army and the air force, but we are working in that direction.

Let me give the actual breakdown of the total of $2,453,000 which the hon. member is asking for. Hospitalization in the Department of Veterans Affairs hospitals—that is, for cases where there is no military hospital in the immediate vicinity—$1,750,000; for civilian hospitalization of service personnel, $160,000; for employment of civilian doctors and nurses either at military hospitals or at other hospitals, $235,000; civilian dentists' fees, $143,000; medical services overseas for Canadian personnel who are serving abroad, $90,000, and other items $75,000.

Mr. Nicholson: If I may return to the first subject the minister discussed, it seems to me it is probably 15 years ago that suggestions were first made that there was a good deal of additional costs and considerable waste of valuable personnel by maintaining medical establishments for the army, air force and navy. I would think that 12 years is a long time in which to settle the problem. Is there any better reason for maintaining separate establishments for medical personnel than for dental care? It is some years since we discontinued the provision of separate dental services for the army, navy and air force. At this time, when there is such a shortage of medical personnel in the country, it seems to me that we could effect quite a saving in personnel and dollars by having one medical service for all three services. Can the minister indicate how many more years it will likely be before any effective action may be taken?

Mr. Pearkes: I am afraid I cannot be responsible for the past 12 years. I have felt, as the hon. member does, that there should be progress made toward integration of the three services. If the present government remains in power I hope that may be accomplished before the end of another 12 years.

Mr. Pickersgill: Would the hon. gentleman answer my question about the plans for an armoury at St. John's?

Mr. Pearkes: I understand there is no item in this estimate for an armoury at St. John's. Consideration is being given to the desirability of including an item in next year's estimates.

Mr. Pickersgill: It is correct, is it not, that a site has been acquired?

Mr. Pearkes: I will have to have that checked. I will let the hon. gentleman know.

Mr. Robichaud: Can the minister advise the committee if any decision has been reached to provide armoury facilities for the New Brunswick North Shore Regiment in Bathurst?

Mr. Pearkes: I will have the officials look into that and I will let the hon. member know.

Mr. Barnett: On page 333, somewhat below the point where the hon. member for Mackenzie was asking questions, there is an item "exhibits advertising, films, broadcasting and displays, $1,060,000." Would the minister explain the purpose of that vote? Has it to do entirely with the recruiting activities of the army or is this money for some other purpose?

Mr. Pearkes: That item covers advertising for army recruiting purposes. I may say that is one of the items in which we have been able to effect some reduction. We were able to transfer money from that item in order to meet other expenses to which I referred in my opening remarks.

Mr. Barnett: The minister will realize that there are a good many pages listing various positions in the civil staff of the army. Is there any way, through an examination of the details of the estimates, by which one can ascertain which are civil service positions and which are prevailing rate positions?

Mr. Pearkes: Both civil service and prevailing rate employees are included here and no particular break-down is shown.

Mr. Haidasz: Can the minister tell the committee whether there is any truth in the rumour that the historic University avenue armouries in Toronto are to be abandoned?

Mr. Pearkes: Representations have been made by a number of organizations recommending that the armoury site be abandoned and there have been an equal number of recommendations that it be retained. The matter is under very careful review. No decision has been made nor will one be made for some time.

Mr. Nicholson: Again on page 333 there are two large items for travelling and removal expenses and telephones and telegrams. Does the minister have a break-down of the payments to the Canadian National and Canadian Pacific railways with respect to the item of $17 million odd for travelling and removal expenses and also the item for telephones and telegrams? Can he give us a break-down showing how the two companies fared?

Mr. Pearkes: I am having my officials look up the matter to see whether we have a break-down between the two railways. For Canadian National Railways the total was $2,988,507.16 and for Canadian Pacific $1,821,996.81.

Mr. Nicholson: I gather that is for travelling. Has the minister a break-down of the item for telegrams? There is nearly $2 million for telephones and telegrams.

Mr. Pearkes: We do not have a break-down of that figure.

Mr. Henderson: Can the minister tell us what proportion of the army construction program for the year 1957-58 was either deferred or not proceeded with?

Mr. Pearkes: I had a review made of the construction program of the army because it seemed to me that we were constructing accommodation for a very high percentage of the regular personnel. We have what may be a peak load of regular army personnel in that we have some 49,000 officers and men in the service. The buildings which have been constructed are of very excellent quality and are of a permanent character likely to last 50 or 75 years. It seemed to me it might be advisable not to construct that type of building for all our regular army personnel and that it would be better to have a certain proportion of the regular forces living in what might be called more temporary buildings because it is hard to foresee the future and one would not want to have a lot of permanent buildings constructed in out of the way places. Generally speaking, we are providing permanent accommodation for approximately 70 per cent of the regular army.

Mr. Henderson: Just how much would this deferment or erasure amount to in dollars in so far as the construction program for 1957-58 is concerned?

Mr. Pearkes: It is approximately $20 million. Some of that is deferred and may be deferred for a number of years. Some of it will certainly have to be proceeded with in the near future. I have had this review made. It is not quite completed yet, so I am not able to give a definite answer.

Mr. Zaplitny: On page 332 of the book of estimates there is a breakdown by occupations of various personnel. I notice that there are nine panel beaters. I wonder if

the minister could tell the committee just what a panel beater is and what his functions are?

Mr. Pearkes: He is a man employed in the maintenance of automobiles, lorries and so forth and his duties are connected with the panelling or framework of the automobile. He is really an automobile repair mechanic.

Mr. Zaplitny: Is that what is ordinarily known as a body repair man?

Mr. Pearkes: I think that is the term used in civilian life.

Mr. Henderson: I wonder if the minister would make a statement concerning page 334 as to the amounts in the fiscal year 1956-57 which may not have been spent and what he expects might be underspent or overspent in this year?

Mr. Pearkes: Referring to the army estimates for 1956-57, the estimate was $384,822,000 and the amount spent was $388,673,195. In other words there was an over-expenditure of $3,851,195. In this year the estimate was $400,110,000, and it is estimated that $390,359,000 will be spent, which will be a saving of $9,751,000.

Mr. Henderson: The $20 million of construction has been taken into consideration?

Mr. Pearkes: Yes, it is all taken into consideration.

Mr. Henderson: That has been deferred, so actually there would have been $11 million more spent if the construction program had been carried out this year than was estimated?

Mr. Pearkes: I have the answer now concerning the St. John's Newfoundland armoury. The land was bought on August 28, 1957.

The Deputy Chairman: Shall that section carry?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, there is a question of a general nature I should like to put to the minister. Perhaps I could indicate its terms now and he could consider and answer it tomorrow when we resume consideration of these estimates, as I believe is the intention.

When the minister introduced his estimates on December 5 he had something to say about the savings that had been effected in some branches of his department which made it possible to meet increased salaries and other items without having to ask for a supplementary estimate. I feel it is fair to say that the minister spoke as though further savings could be counted on. I have in mind in particular what he said as recorded on page 1903 of *Hansard* for December 5. I took it from the tenor of his remarks that one might look for a reduction in defence expenditures in the next fiscal year.

Since that time, however, there has been the NATO conference in Paris. We are conscious of some of the things the Prime Minister said when he came back from that conference. He referred to the possibility, under certain conditions, of defence expenditures having to be increased. He used words such as "colossal" and "gigantic". I wonder whether the Minister of National Defence has any comment to make as to which way we are going. Are we moving in the direction of reduced defence expenditures as I thought was forecast by the minister in the opening remarks on December 5, or are we moving in the direction of more gigantic expenditures as the Prime Minister indicated was a matter of apprehension when he spoke on December 21? Perhaps the minister could think about that overnight and give us a statement in the morning.

Mr. Pearkes: I could hardly be expected to discuss next year's estimates while we are still discussing this year's. I do not believe I could be expected to give an answer concerning the size of the estimates for next year. The Prime Minister indicated that there might be colossal expenditures unless certain steps were taken by the NATO countries as a whole. I hope, and I am sure the hon. member hopes as does every hon. member, that it will be possible to relieve the terrific burden which all countries are feeling so far as defence expenditures are concerned. But until there is some comprehensive disarmament plan worked out it would be foolish for one country to start paring down materially on expenditures on national defence.

The Deputy Chairman: Shall this portion carry?

Mr. Knowles (Winnipeg North Centre): It is ten o'clock.

The Deputy Chairman: Shall this portion carry?

Mr. Knowles (Winnipeg North Centre): No, ten o'clock, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: What is the business for tomorrow?

Mr. Green: Tomorrow we shall continue with the estimates of the Department of

National Defence; then the estimates of the Department of Finance, and then those of citizenship and immigration.

Mr. Chevrier: May I ask whether the house leader can give any indication of the business for next week?

Mr. Green: Thus far I can only say the business on Monday. It will be a private members' day.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the house leader a question? I wonder if the government is giving any consideration to the suggestion that was made, I believe by the hon. member for Peace River, at the time when the house passed the motion extending our sitting hours to the six-day week on which we are now operating. I believe the suggestion was made across the way at that time that if we did not finish the business of the session before the Christmas recess this matter might be reconsidered on our return in January. I wonder whether any consideration has been given to more normal working hours, if not for the benefit of the members at least for the benefit of the staff of the House of Commons?

Mr. Green: Well, Mr. Speaker, the house decided about these hours when the vote was taken some weeks ago. It must be remembered that we are only considering the estimates for the current fiscal year which were brought in by the former government. There has already been a great deal of time spent on them.

In addition to finishing up these estimates there remain a very few governmental measures and I feel it would be the wish of the vast majority of the members of the house to get the work of the session completed rather than letting it drag on for weeks and weeks and weeks. After all, there is the work of the new session to be done. The fiscal year will be ending in less than three months and there are new estimates under way. It should be possible to have them dealt with before much more time has expired and I really doubt whether there are very many members of this house who would like to see this present session just dawdling along without any consideration being given to doing the business of the country in a prompt and efficient manner.

Some hon. Members: Hear, hear.

It being four minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

OGDENSBURG-PRESCOTT INTERNATIONAL BRIDGE

Question No. 202—**Mr. Knowles (Winnipeg North Centre):**

1. What are the names and addresses of the Canadian representatives looking after Canadian interests in connection with the Ogdensburg-Prescott international bridge?
2. When the bridge is completed, who is to operate it and on what basis or terms?
3. Will the bridge be subject to tolls, and if so, who is to obtain the revenue after the costs of the bridge have been paid?
4. What are the names and addresses of the contractors now building the bridge? What are the total amounts of contracts awarded to each such contractor?
5. What portion of the work being done is now on the Canadian side?
6. What is the total number of Canadian workers now employed in the construction of the Canadian section of the bridge?
7. Have any complaints been received on behalf of Canadian workers not being able to obtain employment in connection with the construction of this bridge? If so, what has been done about such complaints?

Answer by: **Hon. Ellen L. Fairclough (Secretary of State):**

1. Information is contained in an act to incorporate Ogdensburg bridge authority, Ch. 57-1 Elizabeth II.

2. Information is contained in an act to incorporate Ogdensburg bridge authority, Ch. 57-1 Elizabeth II.

3. Information is contained in an act to incorporate Ogdensburg bridge authority, Ch. 57-1 Elizabeth II.

4 and 5. This information pertains to construction by a private bridge company; the government has no knowledge of the details. However, it is understood that almost all the construction has so far been done on the United States side and that two contracts have been let to the firm of Merritt, Chapman and Scott. The total amounts of the contracts awarded are not known to the Canadian government.

6 and 7. Some inquiries have been received as to the employment of Canadian workers on the bridge construction project. However, as recited in answers 4 and 5, work to date on the project has been almost all on the United States side and United States labour has been used therefor. The construction materials have been provided and supplied to the site from Canada. According to recent available information, construction on the project has been shut down until spring. Discussions have been carried on and are continuing with representatives of the New York state public works department and the Ogdensburg bridge authority for the purpose of working out appropriate arrangements for employment of Canadian labour in the further stages of the construction project.

CENTRAL MORTGAGE AND HOUSING—FORECLOSURE ACTIONS, ALTA.

Question No. 290—**Mr. Johnston (Bow River):**

1. How many foreclosure actions have been instituted by Central Mortgage and Housing Corporation in Alberta up to December 1, 1957?
2. How many foreclosure actions have been instituted by lending agencies of Central Mortgage and Housing Corporation in Alberta up to December 1, 1957?
3. What was the amount in arrears in each case when foreclosure action was commenced by Central Mortgage and Housing Corporation or their lending agencies?
4. How many quit claims were there in each case and how much was still owing on the mortgage?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Central Mortgage and Housing Corporation has instituted seven foreclosure actions and three actions to cancel agreements for sale in the province of Alberta up to December 1, 1957.

2. Ten foreclosure actions were commenced on loans made under the national housing acts by approved lenders in the province of Alberta up to December 1, 1957.

3. The following schedule outlines the particulars of each action commenced under 1 and 2 above.

Questions

Type of acct.	Date writ issued	Amount of arrears	No. of monthly payments	Balance outstanding on account	Remarks
		$		$	
Actions commenced by CMHC—					
Mortgage	Nov/51	175	6	3,334	Foreclosure completed
Mortgage	Feb/53	571	10	5,997	Foreclosure completed
Mortgage	March/53	327	10	3,449	Arrears paid—account reinstated
Sale Agt.	Oct/54	451	11	4,914	Arrears paid—account reinstated
Sale Agt.	June/55	102	3	3,972	Arrears paid—account reinstated
Sale Agt.	Feb/57	152	4	3,685	Arrears paid—account reinstated
Mortgage	Feb/57	228	3	3,713	Arrears paid—account reinstated
Mortgage	Feb/57	218	3	1,254	Arrears paid—account reinstated
Mortgage	March/57	204	3	7,170	Action incomplete
Mortgage	Oct/57	342	5	8,289	Arrears paid—account reinstated
Actions commenced by approved lenders—					
Mortgage	Feb/49	Nil	Nil	4,561	
Mortgage	Feb/49	Nil	Nil	4,351	
Mortgage	Feb/49	Nil	Nil	3,962	
Mortgage	Feb/49	Nil	Nil	2,103	
Mortgage	Feb/49	Nil	Nil	2,070	Builder constructing 40 houses—encountered financial difficulty and 9 mortgages were foreclosed.
Mortgage	Feb/49	Nil	Nil	3,031	
Mortgage	Feb/49	Nil	Nil	2,099	
Mortgage	Feb/49	Nil	Nil	2,660	
Mortgage	Feb/49	Nil	Nil	4,335	
Mortgage	May/55	2,880	3	93,365	Sixteen unit apartment—foreclosure completed

4. No properties have been taken over by quit claim in the province of Alberta up to December 1, 1957.

BEECHWOOD POWER COST

Question No. 301—**Mr. MacEachen:**

1. What is the estimated cost of the generation of electricity from Beechwood under present financing?

2. By what amount will the estimated per mill rate be reduced through loans at lower interest from federal government?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. Assuming a production of 300 million k.w.h. annually and a borrowing rate of 6 per cent on the $29 million, the cost of power produced by the present Beechwood plant would be of the order of 7 to 7.5 mills per k.w.h.

2. This cost could be reduced by approximately 1.2 mills per k.w.h. by loans from the federal government at a lower interest rate.

PRINTING BUREAU CHARGES

Question No. 306—**Mr. Fisher:**

1. What criteria does the Queen's printer apply in deciding on the selling price of a publication sponsored by a department?

2. What criteria are used in deciding the charges made to such a department?

3. What arrangements are made with departments for rebates or alteration of price charged by the Queen's printer where publications have a larger sale than anticipated, through the Queen's printer?

4. If a publication does not sell up to its printing how is this failure reflected in charges to the department concerned?

5. What allowance on a government "best seller" is made to a department by the Queen's printer with regard to prepublication expenses such as writing, editing, photography, etc.?

Answer by: **Hon. Ellen L. Fairclough (Secretary of State):**

1. Cost of printing.

2. Cost of printing.

3. None.

4. None.

5. None.

PRINTING BUREAU CHECK-LIST

Question No. 307—**Mr. Fisher:**

1. What was the total cost of assembling, printing, and distribution of the daily check-list in the last financial year?

2. How many people and agencies outside parliament and the federal services have full selection privileges; how many have and take full repository rights to publications listed in the daily check-list?

3. What was the estimated value of such free distribution in the last financial year?

4. In the cost control of such free distribution is any allowance made to departments in lieu of the lack of income from such distribution?

Answer by: **Hon. Ellen L. Fairclough (Secretary of State):**

1. $4,760.78.

2. Libraries: 469; 32.

3. $35,000.

4. No.

APPENDIX "A"

PRESS STATEMENT RESPECTING OIL IMPORTS INTO U.S.

The Minister of Finance today released the following statement:

The government of the United States has just announced that the voluntary oil import program, which has been limiting imports of oil into most parts of the United States during the past five months, will immediately be extended to include the west coast area and will thus for the first time directly affect imports from Canada. In the view of the United States, these limitations are required in order to maintain assured supplies that might be required for national defence.

The Canadian government learned with great regret, some days ago, of the United States proposal to extend import limitations. Since that time the Canadian government has made the strongest possible representations to the United States administration and has urgently pressed them to reconsider and revise their proposals. However, in view of the mounting pressures on supply-price relationships the United States has decided that it must proceed with its plan immediately.

The United States administration has represented that the plan is not likely, in the coming months, to involve a very substantial reduction in U.S. imports from Canada below recent levels. Nevertheless the impact on Canadian interests may be expected to be adverse.

The Canadian government cannot accept the view that there is any justification for U.S. limitations on oil coming from Canada, either on economic or on defence grounds. The Canadian government will continue to press its objections.

Ottawa, December 24, 1957.

APPENDIX "B"

EXCHANGE OF NOTES BETWEEN CANADA AND UNITED STATES

Exchange of notes (October 26, 1950) between Canada and the United States of America giving formal effect to the statement of principles for economic cooperation.

I

The Secretary of State of the United States of America to the Canadian Ambassador in the United States of America

Department of State
Washington, October 26, 1950.

Excellency:

I have the honor to refer to recent discussions between representatives of our two governments for the general purpose of reaching an agreement to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results. Their deliberations were based on concepts of economic cooperation which were inherent in the Hyde Park Agreement of 1941* and which are still valid today. They formulated and agreed to the "statement of Principles for Economic Cooperation" annexed hereto, which is intended to guide, in the light of these basic concepts, the activities of our respective governments.

If this attached statement is agreeable to your government, this note and your reply to that effect will constitute an agreement between our two governments on this subject.

Accept, Excellency, the renewed assurances of my highest consideration.

DEAN ACHESON.

Statement of Principles for Economic Cooperation

The United States and Canada have achieved a high degree of cooperation in the field of industrial mobilization during and since World War II through the operation of the principles embodied in the Hyde Park Agreement of 1941,* through the extension of its concepts in the post-war period and more recently through the work of the *Joint Industrial Mobilization Planning Committee.* In the interests of mutual security and to assist both governments to discharge their obligations under the United Nations Charter and the North Atlantic Treaty, it is believed that this field of common action should be further extended. It is agreed, therefore, that our two governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results.

The following principles are established for the purpose of facilitating these objectives:

1. In order to achieve an optimum production of goods essential for the common defense, the two countries shall develop a coordinated program of requirements, production and procurement.

2. To this end, the two countries shall, as it becomes necessary, institute coordinated controls over the distribution of scarce raw materials and supplies.

3. Such United States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this end prior to the institution of any system of controls in either country which affects the other.

4. In order to facilitate essential production, the technical knowledge and productive skills involved in such production within both countries shall, where feasible, be freely exchanged.

5. Barriers which impede the flow between Canada and the United States of goods essential for the common defense effort should be removed as far as possible.

6. The two governments, through their appropriate agencies, will consult concerning any financial or foreign exchange problems which may arise as a result of the implementation of this agreement.

* For the text of the agreement see *Canada Treaty Series, 1941,* No. 14 and *Canada Treaty Series, 1948,* No. 1.

Canada-U.S.—Economic Co-operation

II

The Canadian Ambassador in the United States of America to the Secretary of State of the United States of America

Canadian Embassy

Washington, October 26, 1950.

No. 619

Sir:

I have your note of today with regard to the recent discussions between representatives of our two governments for the purpose of reaching an agreement to the end that the economic efforts of the two countries be co-ordinated for the common defence and that the production and resources of both countries be used for the best combined results. I am glad to confirm that the "Statement of Principles for Economic Cooperation", which was annexed to your note, is acceptable to my government. Your note and this reply will, therefore, constitute an agreement between our two governments on this subject. Accept, Sir, the renewed assurances of my highest consideration.

H. H. WRONG.

APPENDIX "C"

LETTER RESPECTING CONSTRUCTION OF FOREST ACCESS ROADS

Ottawa, January 2, 1958.

The Honourable W. A. C. Bennett,
Premier of the Province of British Columbia,
Victoria, British Columbia.

My dear Premier:

Under the Canada Forestry Act the government of Canada has offered financial assistance to all provinces with respect to the completion and maintenance of provincial inventories of forest resources, certain kinds of reforestation projects, and, more recently, capital expenditures required for forest fire protection. Agreements relating to one or more of these classes of forestry activity have been executed with nine of the provinces.

My colleagues and I feel that the protection of the forests against fire is a matter of particular importance. Although substantial improvements have been made in this field in recent years, forest fire losses are still excessive and constitute a major deterrent to the application of sound silvicultural practices in forest management.

Good access roads are essential to the attainment of adequate forest fire protection, as well as for other forest management requirements. The seventh British commonwealth forestry conference, which recently met in Australia and New Zealand, recommended that "road systems be developed wherever necessary to permit maximum efficiency and economy in the management and protection of the forests and in the utilization of their produce".

In view of the foregoing and also in view of the need to provide additional employment this winter and spring my colleagues and I are of the opinion that the time is now opportune, if the provinces are so disposed, to enter into further agreements under the Canada Forestry Act which would provide for additional federal financial aid to the provinces for the construction of forest access roads and trails. The agreement envisaged would be essentially along the following lines:

(a) The road and trail construction programs to which the federal government would contribute would be planned and executed by the provinces. The federal contribution would be 50 per cent of the cost, the remainder being paid by the province or by a forest protective association.

(b) Federal aid under this proposal would apply to expenditures incurred between the date of this letter and June 30, 1958, and the maintenance of roads and trails would be a provincial responsibility.

(c) The forest access roads and trails included in such programs would be those required for forest fire protection excluding, of course, county or municipal roads and provincial highways.

(d) Projects to which Canada would contribute under the proposed agreement would not be eligible for assistance under the present fire protection agreement with respect to costs incurred during the period referred to above. However, any unfinished work on such projects, on and after July 1, 1958, would be eligible for inclusion in programs under the present agreement. The latter provides for a federal share of road and trail construction costs amounting to 25 per cent, subject of course to a total yearly allotment.

(e) Provinces may include their share of the costs under the proposed agreement—to the extent properly chargeable to fire protection—in calculating their annual expenditures on fire protection for the purpose of arriving at allotments of federal contributions under the present agreement.

(f) Canada would not make any contribution with respect to the acquisition of any land or right of way.

I should be glad of your views on this proposal, and of your advice at the earliest possible date as to whether an agreement along the lines indicated above would be acceptable to the government of your province. In the event that it does prove acceptable, a preliminary estimate of the cost of the program you envisage would also be appreciated.

In the meantime, if you wish your officials to obtain further details as to the agreement we might propose, they might contact Mr. J. D. B. Harrison, director of the forestry branch of this department. I have asked him to work out the detailed terms of a possible agreement under the general terms mentioned above.

Yours sincerely,

Alvin Hamilton.

HOUSE OF COMMONS

Saturday, January 4, 1958

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

INQUIRY AS TO RECESS FOR LIBERAL PARTY CONVENTION

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Acting Prime Minister and leader of the house whether it is the intention of the government to declare a parliamentary recess during the days when the Liberal convention is being held.

Hon. Howard C. Green (Acting Prime Minister): I did not realize that the hon. member was so anxious to attend the Liberal convention. I am hoping it will be possible to make some arrangement among the parties so there will be no unnecessary interference with the business of the house or, for that matter, with the business of the convention.

UNEMPLOYMENT INSURANCE

VANCOUVER—REPORTED INEFFICIENCY IN PROCESSING CLAIMS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Labour but in his absence possibly his parliamentary assistant could deal with it. Has the minister received a request from the united fishermen and allied workers' union or from any other source for an investigation into the alleged inefficiency of the unemployment insurance offices at Vancouver in processing claims for benefits as reported in the Prince Rupert *Daily News* on December 23 and, if so, what action has been taken or is contemplated?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, in the absence of the Minister of Labour and his parliamentary assistant I will take the question as notice and see that it is brought to the minister's attention for an early reply.

MATTAWA, ONT.—REQUEST FOR OPENING OF OFFICE

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I had a question for the Minister of Labour this morning, but in his absence and also in the absence of his parliamentary assistant perhaps the Acting Prime Minister might take it as notice. In view of the recent sharp increase in unemployment in the town of Mattawa, and in view of the inconvenience that is being experienced there under the special circumstances that exist, I wonder whether the minister would give immediate consideration to the opening of an unemployment insurance commission office in that town?

Hon. Howard C. Green (Acting Prime Minister): We shall be glad to take that question as notice.

TELEVISION

MARITIME PROVINCES—REQUEST FOR COVERAGE OF BOXING MATCH ON JANUARY 10

On the orders of the day:

Mr. H. J. Murphy (Westmorland): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Will the minister ask the Canadian Broadcasting Corporation to arrange for the televising in the maritime provinces of the Yvon Durelle and Anthony boxing match to be held January 10 in the United States? Yvon Durelle is a New Brunswicker, and the people in the areas covered by television stations are most anxious to view this match.

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, I will be very glad to draw the attention of the C.B.C. to the hon. gentleman's question, but in view of the fact that the microwave connection will not be completed until February 2 it may be that there would be some difficulty in arranging for an instantaneous broadcast of that fight.

Mr. Murphy (Westmorland): Mr. Speaker, a supplementary question. Would the minister draw to the attention of the corporation the fact that the people in the maritimes received live television coverage of the world series and other events in Canada even though the microwave connection was not complete.

Mr. Nowlan: Certainly. I arranged for that to be done because it was a matter of national interest. If the microwave had been installed as soon as it should have been the maritimes would now be receiving such broadcasts, but in view of the fact that there has been some delay it will be impossible before February 2. Nevertheless I will certainly draw the attention of the corporation to the matter.

Inquiries of the Ministry

SHIPPING

ST. LAWRENCE RIVER—OPERATION OF ICEBREAKERS NEAR THREE RIVERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Transport a question. Can the minister tell the house when the icebreakers of the Department of Transport will begin their usual course upstream from Three Rivers?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The three icebreakers at present operating in that area will operate north of Three Rivers as soon as ice conditions require their movement north. It is expected that at least one of them will be moving north in the very near future, but just exactly at what hour or on what day my department is not quite sure. However, I am assured that as soon as ice conditions warrant the icebreakers will move north of Three Rivers.

Hon. George C. Marler (St. Antoine-Westmount): Mr. Speaker, might I ask a supplementary question of the Minister of Transport. When he speaks of moving north of Three Rivers, is this a new form of alliance with the Union Nationale?

Mr. Hees: I do not get the joke, Mr. Speaker, although I am sure there must be one intended.

Mr. Pearson: It is no joke.

[*Later:*]

Mr. Hees: Mr. Speaker, a few moments ago the hon. member for Laurier asked me a question with regard to icebreaking in the vicinity of Three Rivers. I have a little more information which might be of interest to him and to the house. The *Lapointe* is working in the vicinity of Three Rivers at the moment. The *McLean* and the *d'Iberville* are in Quebec. The *McLean* is coming up to Three Rivers within the next day or so. The *Lapointe* is available for any ferry assistance at Sorel until the ice road is formed. There is no ice of any consequence below Sorel. There is quite a bit of ice running at Sorel, and the new ferry is still in operation.

Mr. Chevrier: May I ask the minister whether they are working eastward, westward or northward?

Mr. Hees: If the hon. member does not mind, I think after my last answer I had better consult my map.

[Mr. Nowlan.]

LABOUR CONDITIONS

FURTHER STATEMENT ON FOREST ACCESS ROADS TO PROVIDE WINTER EMPLOYMENT

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, when I made a statement in the house yesterday, as recorded at page 2774 of *Hansard* of that date, the hon. member for Montmagny-L'Islet asked the following supplementary question:

> Is the signature on that agreement—
>
> Meaning an agreement on forest fire protection signed pursuant to the Canada Forestry Act.
>
> —a condition of the obtaining of a part of those funds for access roads for forest fire protection?

I answered this question in the affirmative, but on reading *Hansard* I realize that the words "those funds" used by my hon. friend did not refer to funds under the forest fire protection agreements but to the new funds to be requested of parliament for forestry access roads; hence my subsequent reply to the hon. member's question may have been misleading.

It is clear, of course, that in order to obtain funds provided by parliament for the implementation of the forest fire protection agreements a province must have concluded such an agreement with the federal government.

It is equally clear that in order to get federal aid for the construction of forestry access roads under an agreement to cover the period of January 2 to June 30, 1958, a province must conclude an agreement with the federal government and funds must be provided by parliament. But it is not necessary for any province to participate in both agreements before deriving benefits under one agreement.

Naturally, some adjustments must be made with regard to provinces which participate in both agreements. The reason for this is that under the forest fire protection agreement the federal contribution for access roads is limited to 25 per cent. Under the short winter program, proposed especially for access roads, regardless of their purpose, be it for fire protection or for forest management, the contribution offered for this short period is 50 per cent. After June 30, 1958, those provinces which have signed the forest fire protection agreements can claim only 25 per cent.

As Quebec is the only province which has not concluded a forest fire protection agreement, Mr. Speaker, if it concludes an agreement on access roads valid until June 30,

1958, it cannot claim thereafter a 25 per cent contribution by virtue of another agreement which it has not signed. Both agreements are open to all provinces independently on an equal footing.

In a very clear story this morning in the *Globe and Mail* this winter works program is described accurately and fully. However, in one paragraph there is a misunderstanding which is probably my responsibility. This paragraph says:

> Quebec—the only one of ten provinces which has not signed a federal-provincial agreement on forest fire protection—will not be able to participate in the road project.

Therefore I would like to stress again that Quebec can participate in this new program without signing the forest fire protection agreement. To make this absolutely clear, and since there were small changes in the letter to Premier Duplessis in order to take account of the fact that Quebec has not signed a forest fire protection agreement, it might be useful, if the house agreed, for me to table this letter to Premier Duplessis in the original French and in the English version in order that it may be printed as an appendix to *Hansard*.

Mr. Lesage: May I ask the minister a question, Mr. Speaker.

Mr. Hamilton (Qu'Appelle): I have asked permission to have the letter included in *Hansard*.

Mr. Speaker: Does the house agree to the letter being printed in *Hansard*?

Some hon. Members: Agreed.

[*For text of letter referred to above, see appendix, page 2885.*]

Hon. Jean Lesage (Montmagny-L'Islet): May I ask the minister whether it will be a condition of the 50 per cent participation by the government in the building of those access roads—I am talking about the winter program—that tenders be asked by the provinces for those works?

Mr. Hamilton (Qu'Appelle): I will have to look at the letter. My memory is that there is no such condition asked of any of the provinces in the letter.

Mr. Lesage: May I ask a supplementary question and preface it by saying that in the forest fire protection agreements there is a condition that tenders have to be called. Would not the same condition be in the agreements which will be signed for this short winter program?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I thought the hon. member would realize that in making these announcements of policy you do not go into all the details. There will have to be an agreement drawn with each of the provinces, and I certainly think this question of tenders will be considered as part of the agreement.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask a supplementary question of the minister. Has he given any consideration to the possibility that making the terminal date of these agreements June 30 may be rather limiting it, on account of weather, in the Atlantic provinces and particularly in Newfoundland. If we should have a backward spring in 1958, such as we had in 1957, it would be physically impossible to get this work done by June 30. Would he consider the possibility, in those cases where weather would be a factor, of having the date somewhat later?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker. This matter was very carefully considered by the forestry branch of my department, and in some other works projects which we are announcing winter employment will end on May 31. For instance, in some that have already been announced employment will end sooner than that. But on this question of forestry access roads we recognize the necessity of being able to do the grading in the summer months. Therefore in deciding on June 30 we took that into consideration. In the first few months the clearing which can be done during the winter would be done to provide employment. Following the break-up period we would have the two months of May and June to do the grading, which would consummate the program.

In regard to the province of Newfoundland I will ask the officials to look into that point again, to make certain there is no hardship in completing the program in that province.

Mr. Pickersgill: I appreciate the minister's attitude very much.

Mr. A. M. Nicholson (Mackenzie): I should like to ask the minister a supplementary question. Has he been able to reach agreement with Saskatchewan with respect to whether or not the road from Flin Flon via Hanson lake to Prince Albert would qualify for participation under the scheme he outlined yesterday?

Mr. Hamilton (Qu'Appelle): Under the criteria I have announced I think this road might be considered as part of this program, but actually the province of Saskatchewan has made representations to the government on different grounds with respect to the road. These representations are now being considered, and at this time I would rather that this matter be kept separate until we reach

some final conclusion with the province of Saskatchewan with regard to the Hanson lake road.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, on a question of privilege I should like to draw the attention of the house to the fact that the weather is not any more backward in Newfoundland than in the other Atlantic provinces.

Mr. Chevrier: Some members on the other side are.

IMMIGRATION

INQUIRY AS TO IMMIGRANTS ARRIVING AT HALIFAX IN JANUARY

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Minister of Citizenship and Immigration. Can the minister give information as to the countries of origin of the 2,400 immigrants scheduled to arrive in Halifax this month, and also if employment is assured for all these immigrants?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): I cannot give the countries of origin offhand but I will do my best to ascertain them and advise the hon. gentleman. I should also inform him, however, that the great bulk of these immigrants will be people who are sponsored by relatives already in Canada whose settlement arrangements and undertakings to look after these immigrants have been examined by the department and found to be satisfactory. Therefore there will be no question of finding employment for them. They are sponsored by their relatives and are going to be looked after by them so far as settlement is concerned. Any others who might be included in the 2,400 would be in the category of immigrants coming to Canada after careful examination and screening to take positions in fields where there is an actual shortage of employees at the present time. That would be a very small portion of the 2,400.

TRADE

OIL—INQUIRY AS TO RETALIATORY MEASURES AGAINST UNITED STATES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to direct a question to the Minister of Finance. In view of the statement he made yesterday indicating that the United States government had violated agreements with Canada in curbing crude oil imports from this country, will the minister tell the house whether or not any effective retaliatory action is anticipated?

[Mr. Hamilton (Qu'Appelle).]

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think I was asked similar questions yesterday. We do not like to think in terms of retaliation at all.

LEAD AND ZINC—INQUIRY AS TO STEPS TAKEN TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): I wish to direct a question to the Minister of Finance. In reading the statement he made yesterday regarding quotas on oil I note that the minister and the Prime Minister discussed this question with the heads of state while in Paris. Did the minister avail himself of that opportunity to again impress upon the President the very serious effect that increased tariffs on lead and zinc would have on the economy of Canada?

Hon. Donald M. Fleming (Minister of Finance): In my conversation with the President I did not refer to this subject. In my conversations with the secretary of the treasury I made reference to our previous discussion of the same subject in Washington. I have indicated to the house on previous occasions that this matter of the access of Canadian zinc and lead to the United States market had been discussed at the meeting of the continuing committee on United States-Canada trade and economic relations at Washington in October.

Mr. Chevrier: Was it one of those violent approaches?

Mr. Fleming: There were no violent approaches, nor have there been at any time. The approach at all times has been very friendly, but representations have been frank and vigorous.

Mr. Chevrier: One would not think they had been friendly.

Mr. Byrne: I am sorry, but I cannot hear very well. I have been on one of those Trans-Canada planes all night, and I did not hear what the minister said at the end of his statement. Did I understand the minister to say there had been some new developments in this matter?

Mr. Fleming: No new developments.

Mr. Byrne: Is the minister intending to protest vigorously against this action?

Mr. Fleming: Well, the Canadian point of view on this matter has been put before the representatives of the United States cabinet very clearly and firmly. They thoroughly understand our point of view. Under the United States system, of course, the cabinet

cannot always answer for the actions of congress, or vice versa. What I said yesterday the hon. member will find in *Hansard*, and it was that we have no assurance that action will not be taken at Washington to impose barriers against the importation of Canadian zinc and lead.

Hon. Paul Martin (Essex East): May I ask a supplementary question. Is it true, as reported over one of the radio stations this morning, that it is the intention of the Prime Minister of Canada to seek to discuss this matter personally with the President some day next week?

Mr. Fleming: I have not heard that report, Mr. Speaker, and I am not in a position to make any comment upon it.

WHEAT—PROVISION OF CREDIT FOR SPAIN

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce arising out of a Canadian Press story originating in Winnipeg and dated December 28. Specifically, I should like to ask whether any consideration has been given to allowing long-term credit to countries which would purchase Canadian wheat but which are not in a position to purchase it on a short-term credit or cash basis. Can the minister add anything to this statement attributed to him in which he said that a short-term credit for Spain might be arranged in order that Canada might get into that market, and the question of a longer term studied later?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, Canada sold some wheat to Spain in 1951, and in 1952 I think, but not since. There is an opportunity for Spain to purchase wheat on short-term credit such as is applicable to Poland, which is the model we follow in that line of discussion. I have nothing to add to my statement with regard to long-term credit.

Mr. Argue: Can the minister confirm that negotiations are going on with Spain in the hope that wheat may be sold to that country, in this instance on a short-term credit basis?

Mr. Churchill: That is correct.

U.K. PROPOSAL—DISCUSSION WITH PRESIDENT OF BOARD OF TRADE

On the orders of the day:

Hon. L. B. Pearson (Algoma East): Mr. Speaker, in view of the fact that the president of the board of trade of the United Kingdom is in the United States at the present time, according to the press, is it the intention of the government to invite him to come to Ottawa to discuss with the government here the United Kingdom free trade proposals?

Hon. Gordon Churchill (Minister of Trade and Commerce): My understanding is that this gentleman is leaving California for Venezuela and other places in South America before returning to the United Kingdom.

UNITED STATES—REPORTED INTENTION TO INCREASE GIVE-AWAY PROGRAM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Trade and Commerce a question. Has he taken cognizance of the decision of the United States announced during the recess of parliament to increase substantially in 1958 the surplus disposal program? If so, what action if any is the government taking to meet that situation?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker, I am aware of the proposed action on the part of the United States. I do not think any action on our part is necessary. The United States surplus disposal program is not likely to interfere with the sale of wheat to our cash customers, and that is one of the main points about which we have been particularly concerned. Their surplus disposal program, to the extent that it aids underdeveloped countries, raises no objection on our part.

Mr. Chevrier: Well, it is an increase of 50 per cent, which is pretty substantial.

AIRPORTS

WINNIPEG—STATEMENT ON PLANS FOR NEW FACILITIES

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre asked me the following question:

> Can the minister say what is the present status of the plans for new airport facilities at Winnipeg? Are these plans being proceeded with? When may it be expected that the new airport will be completed?

The answer is that the major runway expansion program that has been under way for three or four years now should be completed during 1958, although some additional taxiway work will remain.

In the matter of terminal building facilities, a temporary extension to existing facilities has been completed this winter, and a firm of private consulting architects in Winnipeg has been working on plans for a completely new terminal building for some

months now and is making satisfactory progress. When these plans are ready later this year tenders will be called, but I would hesitate to state how long it will take for the building to be erected, although a two to three year period will probably be required.

POWER

NOVA SCOTIA-NEW BRUNSWICK—STATUS OF AGREEMENTS ON THERMAL PLANTS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Minister of Northern Affairs and National Resources. Can the minister inform the house if agreements have been reached and signed between the federal government and the power commissions of New Brunswick and Nova Scotia with regard to the construction and operation of thermal plants in those two provinces?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer to that question is no, not yet.

GRAIN

WHEAT—DEFICIENCY PAYMENTS TO WESTERN FARMERS

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I have a copy of a resolution from the Nut Mountain local of the Saskatchewan farmers' union asking about deficiency payments on the 1955-56 crop of 35 cents a bushel on wheat, 25 cents a bushel on barley and 15 cents a bushel on oats. I wonder if the minister could state whether or not this request is receiving active consideration, and whether an announcement can be made at an early date on government policy on deficiency payments?

Hon. Gordon Churchill (Minister of Trade and Commerce): A similar question was asked yesterday and I gave an answer then. I doubt the value of repeated questions of this sort. I stated then that the matter was under study.

FREIGHT RATES

EFFECT OF EQUALIZATION INQUIRY ON RECENT INCREASE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Transport a question. Can the minister tell us whether the inquiry undertaken by the board of transport commissioners into the equalization of freight rates across Canada was taken into consideration in the recent order of the board increasing freight rates by 3.6 per cent?

Hon. George H. Hees (Minister of Transport): I should like to take that question as notice and give an answer on Monday.

TRANSPORT

FERRY "WILLIAM CARSON"—REQUEST FOR CARRIAGE OF MOTOR CARS

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): I should like to direct a question to the Minister of Transport. Now that it has been demonstrated that the facilities at Argentia are available for unloading motor cars from the ferry *William Carson*, will the minister now carry out his promise to have the *William Carson* carry motor cars?

Hon. George H. Hees (Minister of Transport): I am not aware that it has been so demonstrated; and as I have advised the president of the Newfoundland board of trade, the Canadian National Railways have pointed out a number of other reasons which make it very difficult if not impossible to load and unload automobiles there.

SHIP CONSTRUCTION PROGRAM—INQUIRY AS TO TENDERS

On the orders of the day:

Mr. H. E. Smith (Simcoe North): I should like to ask a question of the Minister of Transport. Will he advise the house whether tenders have been called for the six ships which will be built for the transport department this year?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. Tender calls were sent out by my department on December 30. The tenders are to be received by 3.30 p.m. on Friday, January 31. I would hope that construction of these ships would start very soon after that date.

OLD AGE PENSIONS

REFERENCE TO ACTION OF TORONTO WELFARE COUNCIL

On the orders of the day:

Mr. Stanley Haidasz (Trinity): I should like to ask the Minister of National Health and Welfare what the attitude of his government is toward the action of the Toronto metropolitan welfare council which last June, already having deducted $5 out of the $6 old age pension increase—

Mr. Speaker: Order. I think the hon. member for Trinity will appreciate the fact that the actions of the Toronto welfare council are not the responsibility of this government.

Mr. Martin (Essex East): May I rise on a point of order, Mr. Speaker. I think Your Honour would possibly want to give consideration to that ruling, because the hon. gentleman has asked what is the attitude of this government with regard to the action taken by another government or another authority with regard to portions of money given to old age pensioners, part of which are provided for by the people of Canada through policies recommended to parliament by the present government. I would think it only right that this government and this parliament should have some concern in the matter covered by the question raised by the hon. member for Trinity.

Mr. Green: On this point of order, Mr. Speaker, may I point out that there are many activities in which the three levels of government participate, and it would be quite improper to have discussions of the type which the hon. member for Essex East suggests should be undertaken here. Furthermore, quite apart from all other considerations, this is certainly not a question for orders of the day.

Mr. Speaker: As I understand it these funds are provided by parliament, but once they have been provided their administration is the responsibility of another body for which this government does not have responsibility. In line with the practice of the past, it has not been in order to ask the government questions on matters for which they are not responsible; and I regard this question as one of that type.

PENSIONS

REQUEST FOR INCREASE IN PENSIONS OF SUPERANNUATED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance? In view of the hopeful statement that was made by his parliamentary assistant on December 16, while the minister was away, having to do with the government's attitude toward superannuated civil servants, can the minister say whether the government will soon be introducing some measure to provide an improvement in the pensions of retired civil servants?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, as I have said at various times during the course of the session, this is one of the matters which is being given very careful consideration by the government. So far as the present session is concerned we thought it was going to close soon, and it will not be possible to place any legislation before this present session. As to later sessions, the government's program will be announced, of course, in the regular constitutional manner.

Mr. Knowles (Winnipeg North Centre): May I ask a supplementary question. In view of the minister's statement yesterday that there would be further supplementary estimates introduced before the end of this fiscal year, will the government consider including in those supplementary estimates an item to take care of those whose pensions are in the lower brackets?

Mr. Fleming: Mr. Speaker, I think my previous answer leaves no room for a question of this kind. Such a matter has to have very careful consideration; and while an item in the estimates would be required if such provision were made I doubt very much whether an item in the estimates would be sufficient for the purpose. It seems to me that what would be required would be legislation, if it were the decision of the government to recommend such action to parliament.

REQUEST FOR INCREASES FOR FORMER GOVERNMENT RAILWAY EMPLOYEES

On the orders of the day:

Mr. H. J. Murphy (Westmorland): Does the answer just given by the Minister of Finance apply also to the pensions of former employees of Canadian government railways, such as the Grand Trunk Railway, whose pensions have been described by the present Prime Minister as thoroughly inadequate?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, my answer should not be deemed to go beyond its content.

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO INCREASE FOR RETIRED EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. Can he say whether consideration is being given to increasing the pensions of retired C.N.R. employees? Is anything being done along the lines of the study referred to by the Minister of Finance with respect to superannuated civil servants?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. As I think I have indicated before in this house, these matters are always under consideration by the management of Canadian National Railways.

COMMONWEALTH CONFERENCE

REQUEST FOR STATEMENT ON RECENT DISCUSSIONS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, before the Minister of Finance went abroad he told us he anticipated having discussions with United Kingdom ministers about the forthcoming commonwealth trade conference. Can he bring us up to date with regard to these discussions?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker, I shall be glad to do so. While in London I had a meeting with the chancellor of the exchequer, the president of the board of trade and their officials two weeks ago yesterday, December 20. In discussing this question we had the opportunity of reviewing the whole situation. The British government proposes to send out invitations to all the commonwealth governments to send their officials to London early in February for a meeting to make plans at the official level.

It is expected that there will be two stages to the official preparations for the conference. There will be this meeting of officials in February, and it is likely there will be a further meeting of officials in the spring at which detailed work will be done on the items to come before the conference.

The date of the conference has not yet been finally determined. There is some difference of view among some of the countries of the commonwealth as to which dates would suit their governments best; there have been changes of governments in two of the commonwealth countries. It is our hope, however, that the date and place of the conference can be decided soon.

Mr. Pickersgill: Mr. Speaker, may I ask a supplementary question. Did the minister make any progress during these talks in discussing the proposals which Mr. Thorneycroft made when he was here in September?

Mr. Fleming: Mr. Speaker, that subject was not mentioned. Our concern and purpose were to make plans for the commonwealth trade and economic conference. The situation is precisely as it was reported to this house and to the public in the statement which was issued here in Ottawa following the meeting of the ministers of the United Kingdom government and ministers of the Canadian government in the first week of October of last year.

[Mr. Knowles (Winnipeg North Centre).]

The governments of the commonwealth countries are concentrating on the plans for the commonwealth trade and economic conference and wish to make a thorough success of it, and any commonwealth country which wishes to bring forward any proposals in relation to trade within the commonwealth, or to economic questions arising within the commonwealth, or economic policies, will have full opportunity of putting them before the trade and economic conference.

Mr. Pickersgill: I wonder if the minister could give us any idea of the kind of proposals Canada intends to put forward at this conference. It is surely not going to be held *in vacuo*?

Mr. Fleming: I think the hon. gentleman will realize on reflection that his question is quite premature.

Hon. L. B. Pearson (Algoma East): A further supplementary question, Mr. Speaker. Is it not a fact that the preparations for this conference are now in the hands of the British and not the Canadian government?

Mr. Fleming: No, the hon. gentleman is quite wrong. I think it is very likely that agreement will be reached to hold this conference in Canada, but it was considered by practically all the commonwealth ministers represented at Mont Tremblant—and the statements made there have been confirmed since—that London would be the most convenient place for holding the conferences of officials in preparation for the plenary conference. Consequently, in these circumstances, the British government offered to be host in London to the meetings of the officials. It is a matter for general arrangement, but I think I am warranted in saying that the invitation of the Canadian government to hold the plenary conference in Canada will be accepted by all countries.

Hon. Paul Martin (Essex East): Mr. Speaker, some time ago the Minister of Finance said he had only heard up to that time from I think two commonwealth governments as to the recommendations made to them by their ministers of finance. Can my hon. friend now say if all commonwealth governments have accepted the recommendations of the ministers of finance?

Mr. Fleming: I do not think my hon. friend has correctly reported what I said. If he will look it up in *Hansard* I think he will see that he has not reported me correctly. There have been acceptances on behalf of practically all the commonwealth countries. There are, I think, only two or three from which we are awaiting final intimations,

and there is no apprehension felt as to their eventual acceptance of the invitation and participation in the conference.

Mr. Martin (Essex East): Have Pakistan and India accepted?

Mr. Fleming: Will my hon. friend allow me to check the details on that and give an answer on Monday?

Mr. Martin (Essex East): It would be a good idea to give a complete report.

Mr. Fleming: There has been one recent message from the Indian government, but as there are eleven governments concerned perhaps my hon. friend would permit me to give him a precise answer on Monday.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

240. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including costs incurred in the participation of the Canadian forces in the United Nations emergency force and contributions toward the military costs of the North Atlantic treaty organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $130,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,338,164,131 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,521,731,982 will come due for payment in future years), $1,669,450,149.

The Chairman: When the committee rose last evening it was considering the details of item No. 240 under the various headings set out on pages 313 to 315. Discussion was proceeding on the items under the heading "Canadian army, regular and general" on pages 326 to 334. Has discussion under this heading been concluded?

Mr. Chevrier: No, Mr. Chairman, it had not been concluded at ten o'clock last evening. I would like to ask permission of the Chair to raise a matter which I raised last evening but the answer to which I did not think was satisfactory. I am glad the Minister of Transport is here, because he is concerned with the matter as well.

Last evening I asked the Minister of National Defence what the position was with regard to the H.M.C.S. *Labrador*. As I said earlier I thought the answer was certainly lacking in information; and I say this respectfully to him, of course. What I have difficulty in understanding is this. The Department of National Defence had an icebreaker built for its own purposes at a substantial cost. My information is that it cost in the neighbourhood of some $25 million. The cost of an icebreaker for peacetime purposes is less than half that amount.

An icebreaker built for naval purposes is a vessel of an entirely different nature and equipment than that of a Department of Transport icebreaking vessel; and why H.M.C.S. *Labrador* would be assigned to a peacetime department when it was built for a different purpose is something that I think should be explained to the house more thoroughly than was done last night. In other words, I think the minister should tell us why it is that the Department of National Defence, which required this icebreaker for a definite purpose, now says it is no longer necessary for that purpose. There must be a reason for the change.

The other thing which I think should be explained to the house is why this vessel which was built for a specific purpose is no longer being used for that purpose but is being turned over to a peacetime department exclusively for icebreaking purposes. I hope the minister will come to the conclusion that I am seeking information. I think the committee is entitled to an explanation as to why this has been done.

Mr. Pearkes: Mr. Chairman, reverting to the item under the heading "Navy" under which the hon. gentleman raised his question, my understanding is that the *Labrador* was built as an icebreaker and that there was very little difference in the construction of the *Labrador* from that of the ordinary icebreaker. It was of rather heavier construction for the more northern waters, and will be available for that work under the Department of Transport if work of that nature is again required. She carried out certain exploratory work which was more of a civilian nature than technically a naval matter. After careful consideration and following consultation with the officials of the Department of Transport, we felt that the *Labrador* could be used to better advantage under the Department of Transport than under the Department of National Defence.

Mr. Chevrier: Well, Mr. Chairman, I do not have these officials at my disposal who know, I am sure, far more about the position than I do; but I have been aboard both the *Labrador* and the *C. D. Howe*, the two most up to date icebreakers of the Department of

Transport, and I say to the minister in deference that they are like night and day as to the equipment that is on board each. The proof of that lies in the cost. Surely an icebreaker which costs in the neighbourhood of $25 million must have something in it that is far superior to one that cost $5 million or $6 million; and comparing their value and cost my impression is that one must have been built for a specific purpose, namely the purpose of defence in the Arctic waters as well as icebreaking, of course, which was incidental, and the Department of Transport icebreaker which is entirely a peacetime vessel. However, I do not intend to pursue it unnecessarily and unduly, though I say with respect that I am not satisfied with the answer I have received.

Mr. Stick: Mr. Chairman, I should like to follow up what the hon. member for Laurier has said. I am rather concerned about the *Labrador* being transferred from the navy to the Department of Transport. I understood when this ship was built that the navy required the ship for Arctic work. The minister said she would be available, of course, in case of necessity. What does this mean? It means that if hostilities broke out she would be transferred back to the navy. Has the minister any figures on the actual operating cost of the *Labrador* by the navy? What is it going to cost now to refit this ship for the Department of Transport?

Mr. Pearkes: Mr. Chairman, since we passed this naval item yesterday I have not the naval advisers here, so I cannot possibly give an answer to that question; but I can obtain it and let the hon. member have it at the beginning of the week.

Mr. Haidasz: Can the minister tell me whether in the item dealing with professors there are included the salaries for professors who teach the Russian language to Canadian army personnel? How many professors are engaged in teaching the Russian language, and what are their respective salaries? How many Canadian army personnel are studying the Russian language?

Mr. Pearkes: I have not that information immediately available, but I will get it and report back in a short time.

The Chairman: Shall the item carry?

Mr. Henderson: Since you were not in the chair last night, Mr. Chairman, and so there will be no mistake about it, when you say "shall the item carry?" you mean the heading of the detail?

The Chairman: The heading of the detail.

Mr. Henderson: While we were on the army details last night the minister told me that he had either cancelled or deferred a building construction program of $20 million for the army; that although the saving had been $9 million, actually there had been a deferment or cancellation of a $20 million building construction program. Can the minister give me now in dollars the amount of the deferment or cancellation of contracts other than the construction program which he effected in the army?

Mr. Pearkes: There is an item of $150,000 for engineering, land valuation and legal fees. That is rather connected with the construction item. Then there is $146,000 for advertising; acquisition of miscellaneous materials and supplies, $1,399,000; repair and upkeep of equipment, $1,205,000. These are the main items in connection with the army.

Mr. Henderson: I presume these were cancellations of contracts, or were they deferments?

Mr. Pearkes: In some cases they were cancellations of contracts and in other cases deferments.

Mr. Henderson: Were the contracts with Canadian producers?

Mr. Pearkes: In some cases they were with Canadian producers and in some cases with foreign producers.

Mr. Stuart (Charlotte): Has the army area headquarters located in Fredericton been transferred to any other location?

Mr. Pearkes: No; the area headquarters is at Fredericton.

Mr. Stewart (Winnipeg North): There are one or two questions in my mind emanating from the communique of the NATO powers in Paris. Perhaps the minister would care to explain this statement:

> As regards defence production, we have decided, in view of the progress already made, to take further measures within NATO to promote the co-ordination of research, development and manufacture of modern weapons including intermediate range ballistic missiles.

Will the minister please tell us what is being done to promote this co-ordination in these fields of research and development and in the manufacture of weapons? What is actually being done?

Mr. Pearkes: That question could better be put when we come to the item for the defence research board, but there is co-ordination going on. There have been a number of exchanges of visits between senior officials of the United States forces and of the British forces. As the hon. gentleman knows, there were set up at the NATO conference certain advisers on the scientific and research staff, and it is hoped that there will be frequent

and regular consultations among the representatives of all NATO countries on the matter of research and development.

Mr. Garland: Can the minister outline, perhaps briefly, what plans his department has for improving the property known as Camp Chippewa during 1958?

Mr. Pearkes: Did the hon. gentleman say "Camp Chippewa"?

Mr. Garland: Yes.

Mr. Pearkes: There are no immediate plans for any changes in that camp.

Mr. Garland: Do I understand that there will be no improvement in that property in this calendar year?

Mr. Pearkes: There are no plans for extensive improvement. The ordinary maintenance will be kept up.

Mr. Garland: In other words it is intended to drop the plans that were scheduled for improving the property?

Mr. Pearkes: I am advised that there are no special plans for any further construction at Chippewa. The ordinary maintenance will be kept up, but no expansion is planned for that camp.

Mr. Stuart (Charlotte): Since the minister has informed me that the army area headquarters have not been moved from Fredericton, can he explain why army camps in other areas a long distance from Gagetown have been closed? I am informed that the camp at Fredericton has a very high maintenance cost. It is located in a very beautiful part of the city which perhaps could be used to much better advantage. Those working at the army area headquarters in Fredericton would be inconvenienced very little by a move of 12 or 14 miles to Gagetown.

Can the minister explain why a camp such as Camp Utopia in Charlotte county would be closed and a camp in the city of Fredericton would be maintained? I have been asked this question by many people, and I can assure the minister that there is a great interest in the province of New Brunswick concerning this matter as it is felt that army headquarters in Fredericton could have been moved and the Utopia camp maintained at very little cost to the government.

Mr. Pearkes: As the hon. member knows, Camp Gagetown has been under construction for a number of years. The intention was that the training of all the units in the Atlantic provinces would take place at Gagetown, and that the regular army units would be stationed there as soon as the accommodation was completed.

The hon. member asked me whether the headquarters were still at Fredericton. My answer was that the headquarters are still at Fredericton. There is no camp at Fredericton, but at the present moment there is no spare accommodation at Gagetown. Units are moving into Gagetown as soon as accommodation is made available. It is under consideration whether at some future date, when the accommodation question is adjusted, the headquarters for that area might not be moved from Fredericton to Gagetown, but the accommodation is not available at the present time.

Mr. Stuart (Charlotte): Did the minister say there were no personnel at army headquarters in Fredericton? Did he say that the personnel there had been moved?

Mr. Pearkes: I said there was no camp at Fredericton, but the headquarters are still retained in the administration building there.

Mr. Stewart (Winnipeg North): Mr. Chairman, the answer the minister gave to my last question was completely unsatisfactory and thoroughly disheartening. The only reason I excuse him is that, as he said and probably legitimately so, he was not dealing with his own department and this was really a matter for defence production. Nevertheless, when the Minister of National Defence tells me that the degree of co-ordination we have achieved after all these years is limited to the exchange of visits, the setting up of a group of advisers and frequent consultations, I should like to know what is the meaning of the word "co-ordination". However, I will ask him another question which I think he possibly can answer in view of the fact that we have in Europe a brigade and an air division. This arises again out of this awful communique from Paris.

> Recognizing the rapidly growing interdependence of the nations of the free world—

These clichés are not mine, Mr. Chairman.

> —we have, in organizing our forces, decided to bring about closer co-ordination with a view to ensuring that each NATO member country makes its most effective contribution . . .

Will the minister please translate those words into something tangible? Will he tell us what is actually happening in the way of co-ordination of the armed forces of NATO?

Mr. Pearkes: Co-ordination of the armed forces of NATO will be discussed in detail when the meeting of the defence ministers of the NATO countries takes place next March. The communique to which the hon. member refers was really an outline of the principles agreed upon by the heads of states. The details will have to be worked

out at the subsequent meeting which, as I have said, has been called for early in the year, March or April, I believe.

There is one point on which the hon. member misunderstood my remarks. I did not say that this was a matter for defence production. I referred to the defence research board, which is a later item in this estimate.

Mr. Stewart (Winnipeg North): Am I to accept the minister's statement that despite the many speeches that have been made by ministers since NATO was founded, we are only going to start to co-ordinate our forces this year? Has there been no attempt at co-ordination in the past, or have we been deceived throughout all these years by these vague and pious statements emanating from men whose minds are still in the Maginot era?

Mr. Pearkes: That is a most ridiculous statement. Long before the present government came into power meetings were held. Ever since the NATO organization was established there have been meetings of the defence ministers every year, and there is a very high measure of co-ordination now among the NATO countries. That co-ordination will continue, and the next meeting of the defence ministers is in March.

Mr. Stewart (Winnipeg North): In that case why is this particular paragraph included in the communique? Second, when I asked for some information about co-ordination why did the minister tell me that this would be decided at the next meeting of defence ministers? On that basis one can assume legitimately that nothing much had been done about it before. What I want to know is not about the next meeting of ministers and the hopes that may be raised as a result of that meeting, but what has actually happened in the field of co-ordination up to the present. How efficiently co-ordinated are the forces or, indeed, is there co-ordination in any sense of the word?

Mr. Cameron: Unfortunately I was not here yesterday, but I noticed in *Hansard* that there was an exchange between the hon. member for Winnipeg North Centre and the minister with regard to the apparent conflict between statements made by the minister before the NATO conference and statements made by the Prime Minister after the conference, in that the minister had indicated earlier that it was the hope of the government to be able to curtail and economize on defence expenditures and the Prime Minister indicated that colossal further spending would be necessary.

I quite understand the logic of the minister's suggestion that he cannot discuss next year's estimates while we are still discussing the current estimates, but I would suggest that the defence expenditures we are making today cannot be considered in a vacuum and as purely concerned with the year that ends on March 31, 1958. Surely they must have some relationship to future plans of the government with regard to defence spending.

Therefore I think we are entitled to at least some indication from the minister with respect to whether or not the government is still of the mind which he expressed earlier, that it will be possible to reduce the colossal spendings that are going on at the present time; or do we have to contemplate even greater ones as suggested by the Prime Minister? It seems to me that the government should tell us quite frankly whether or not they are still of the opinion that in the present circumstances the type of defence spending that has been going on in Canada is really of any relevance in the world of modern warfare.

Mr. Pearkes: All these expenditures have been very carefully considered, and we believe that the amount of money allocated for defence as reflected in these estimates is very definitely related to the commitments we have to make both for the defence of this country and our obligations under our NATO and United Nations commitments. It is impossible at this time to give any indication as to the extent of next year's estimates.

Mr. Pearson: Can the minister inform the house whether, as a result of the annual review of the NATO authorities which must have been discussed at the last council meeting, any requests were made of the Canadian government which would require any modification of our military contribution to NATO?

Mr. Pearkes: As the hon. member knows, there is an annual review which is submitted to the different countries and which will be discussed at the March meeting. My recollection is that no substantial change in the size of the forces Canada is contributing has been recommended.

Mr. Pearson: I understand that in addition to the annual review which is part of NATO's normal procedure a reassessment of NATO's military planning, tactics and strategy has been made or is being made by the NATO military authorities. Can the minister say whether or not that reassessment has been completed, or whether it remains to be discussed at the March meeting to which he has referred?

Mr. Pearkes: That remains to be discussed at the March meeting. Our commitments are

constantly under review. Certain recommendations have been made by the commander, General Norstad, and those are receiving consideration of the department now.

Mr. Raymond: Will the minister tell the committee if his department has considered the offer of the city of St. Jerome to buy the drill hall in that city, which has not been in use for quite a long time?

Mr. Pearkes: I shall have to check that. If the hon. member would not mind, I will get the information later this day.

Mr. Nicholson: I have before me *Hansard* for July 19, 1956. Hon. members will recall that the Minister of National Defence had been over to Europe to receive honours along with other Victoria Cross holders, including the former minister of veterans affairs. While overseas he visited the Canadian forces in Europe. On his return we were discussing national defence estimates for that year, and after reviewing his visit to the troops on the continent he had some comments to make which were rather critical in tone, although he did not make any specific suggestions. He said, as reported at page 6205 of *Hansard* of that date:

Regarding the actual quarters and camps in which these men are located, these camps have been constructed, I think I can say, without regard for cost.

Later on, after paying tribute to the fine qualities of the troops, he said:

The only thing I question and call attention to is the fact that if you pay the price you can have practically the best of anything in this world, and Canada has been paying a heavy price for providing the excellent type of troops we have with the splendid facilities they now enjoy.

How long we should continue to keep up this great national effort is something I think the government must take into very serious consideration. There are great expenses connected with the maintenance of that brigade. Not only have we provided excellent unit camps but perhaps I might say extravagant unit camps, extravagant in the extent of ground that the various hutments occupy.

Then the minister elaborated upon what he had in mind by saying:

The married quarters are spacious and the average man in the ranks probably never before lived in such spacious accommodation as he enjoys there. I talked to the wives of some of the private soldiers and they were most enthusiastic regarding the accommodation. They only have to keep their homes clean. There are no chores to be done around the house, and that presents a little difficulty in connection with some of the growing children, who in Canada would be required to perform certain chores around the house. Those chores are not available to them in Germany because they are all performed by civilian help.

Quarters are provided for the majority of the families and there is an increasing number—one might almost say an incredible number—of children attached to all the various units. Remember, those families and those children are transported from Canada over to Germany and are brought back again. While they are in Germany special arrangements are made to provide them with the kind of food they have here in Canada. Special arrangements are made to import pasteurized milk rather than being required to use the milk which is available locally. Schools are provided, and school teachers are sent to Germany from Canada.

The present minister then asked for information as to the cost to Canada of providing these educational services. He said:

—I am going to ask the minister if he will supply this committee with accurate figures regarding the cost of transportation not only of the men, the units and their equipment from Canada to Europe, but also the cost of transporting the families from Canada to West Germany and bringing them back.

I am also going to ask the minister if he can give the committee the figures regarding the cost of either the construction or rental of these various camps—

Then later on the present minister said:

I feel that in the light of the changed circumstances it is imperative that this government review its defence policy. The emphasis is being changed from a war of arms to a war of trade. Whilst it is essential that we keep up defences in this country and in western Europe, I feel that we have to be quite certain that we are not over-insuring at the present time.

I am not suggesting that there should be any cuts or reductions made in this year's estimates, but I think between now and the time the minister presents his estimates a year hence he must review the whole situation in a most thorough and comprehensive manner. That will have its reactions on the overhead and general structure of our forces in this country. If it is desirable to make changes, then we must be quite certain that we are not spending large sums of money in providing permanent establishments for units of various forces which perhaps a year or even five years hence may not be required under the changing conditions.

He mentioned that Great Britain had made reductions of about £50 million, and certainly the present minister expressed the hope that something could be done—this was two years ago—to reduce Canada's commitments. I wonder if the minister would be good enough to bring this statement up to date and give his opinion regarding these questions he discussed so carefully two years ago. Would he be good enough to give the committee the information as to what it cost last year, say, to maintain the army establishments in Europe? Perhaps at the same time he could give the cost of the air force, because if we have the two figures together it would be helpful.

Has the minister been able to reach firm conclusions regarding the whole question as to whether the Canadian economy is able to stand the very heavy drain that disturbed the minister when he visited Germany two years ago? I wonder if he could bring those figures up to date?

Mr. Pearkes: I have visited the Canadian brigade camp in Germany since I became Minister of National Defence. I paid a short visit to the camp again in July of this year.

I can support the statements I made previously that the buildings and camps are of a very high order. Our troops are well accommodated in Germany, and I think it is necessary that they should be well accommodated in order that their morale may be retained. It is not an easy task for any troops to be stationed in a foreign country, surrounded by people who speak a different language and who, while friendly, cannot be entirely intimate; the same relationship cannot exist as if those troops were stationed in their own land.

Certain amenities have to be provided, as I indicated in the remarks the hon. member read, in the way of providing special food, special schools and that sort of thing. Those are being maintained and will be maintained as long as we keep troops in western Europe. We have a commitment with NATO that we will maintain one brigade group in Europe. Until we are relieved of that commitment I do not believe Canada would think of making a unilateral decision to withdraw those troops. In fact, I believe it is essential for the preservation of peace and for the maintenance of that unity which was shown at this last NATO meeting among all NATO countries, that we have a contingent in Europe for the time being.

It is to be hoped that when the forces of West Germany are reorganized and their training has been completed, and they have in existence the number of troops contemplated, there may then be an opportunity of reducing our commitment in Europe. I will admit it is a heavy drain on the economy, but it is an international agreement which we have made. Until it is agreed by our allies that our forces should be withdrawn, I do not see how we can make any material reduction in those forces.

Mr. Nicholson: Two years ago I think the fact that the minister referred to the flying of pasteurized milk to Germany implied that he thought, in view of the importance of the dairy industry in that part of the world, that was a type of economy that might be contemplated. Can the minister indicate whether any change has been made? Is milk still being flown from Canada to Germany? I gather that was the criticism he intended to make two years ago when he raised the question.

Mr. Pearkes: Milk is at present being obtained from Denmark under contract.

Mr. Pearson: The minister has talked about our NATO commitment, and has said that it would be inappropriate to modify that commitment without the approval of our fellow members of NATO. As he knows, of course, that commitment we share with other NATO members. Perhaps it is worth putting on the record that certain other members of NATO—and I am not criticizing them for this—by unilateral action have already modified their commitments in that regard.

Mr. Pearkes: I do not think the hon. member is suggesting that Canada should make a unilateral change, is he?

Mr. Pearson: No, I am not; but I do not think we should take on commitments of a different kind or of a different nature than those which are undertaken by the other members of NATO. We are all in exactly the same position. Inasmuch as other members of NATO, for reasons which may be very good both for them and for NATO, have by their own decision found it necessary to modify their commitments, I just question the minister's categorical statement that it would be impossible or inappropriate for us to alter our commitment in any regard except after agreement with all the NATO members. I think that statement just should be put on the record.

Mr. Pearkes: I think it would be inappropriate for Canada to change her commitment without discussing it with her allies.

Mr. Pearson: Discussion is one thing; agreement is another.

Mr. Garland: I was greatly disappointed to hear the Minister of National Defence say that he knew of no plans for improving the property known as the Camp Chippewa site at North Bay during 1958. Perhaps he is not aware of the fact that his department acquired this property from the city of North Bay on the distinct understanding that they would improve it. I certainly know the people of North Bay will be greatly disappointed to learn that the new government does not intend to go ahead with that proposal or with that definite, firm understanding. I wonder whether the minister would look into this matter and attempt to give me some kind of satisfactory answer.

Mr. Pearkes: I will look into that detail and let the hon. member know; but as far as I know at the present time there is no intention of extending that project. However, I will check on the matter, make certain and let the hon. member know this afternoon.

Mr. Garland: Perhaps I might explain that when they acquired the property from the city there was a firm undertaking by his department that they would improve and clean up that area. We are building a beautiful new high school directly across the street and there is substantial housing

in that area. There must be improvement in that property. I certainly hope it will be proceeded with.

Mr. Pearkes: I will look into the matter and let the hon. member know this afternoon.

Mr. Cameron: I wonder whether the minister can give us any sort of rough estimate as to what proportion of our total defence spending is involved in our NATO commitments. I realize it will be difficult to do, but perhaps we might be able to get some idea of how much is involved in the NATO commitments.

Mr. Pearkes: In round figures the cost of maintaining the air division in Europe is $90 million and the cost of maintaining the brigade is $30 million. That refers to that portion of our NATO commitments which is in Europe. Of course we have our commitments as far as NATO is concerned in connection with the navy and in connection with the air force in the defence of this North American continent, all of which are part of the general scheme for the prevention of war.

Mr. Cameron: By the minister's answer am I to understand that all Canada's defence spendings are in effect NATO commitments either in North America or in Europe?

Mr. Pearkes: Our whole defence policy is based on the deterrent against and the prevention of war, linked up with our NATO allies. We are not operating as a single country trying to provide for the defence of Canada. Our whole defence policy is related to the general NATO policy for the prevention of war.

Mr. Cameron: The minister has mentioned the portion of our defence policy which he referred to as the deterrent power. Can he tell us whether the Canadian government has at its disposal any weapon or deterrent power for the protection of North America?

Mr. Pearkes: No, Mr. Chairman. "Deterrent", did the hon. member say?

Mr. Cameron: Yes.

Mr. Pearkes: Yes, certainly. I think all our forces contribute in some measure or another to the deterrent against war.

Mr. Cameron: Are there deterrents against guided missiles? Have we any deterrent against those?

Mr. Pearkes: We have no direct defence against the guided missile at the present time; that is as to a missile launched,—if it was possible, from some foreign country against this continent. There would be no direct defence against that. I do not think any direct defence exists at the present time. If the hon. member is thinking of the possibility of guided missiles being launched from ships at sea, of course we have a deterrent in our navy which would keep the launching ship, we hope, far away from our shores.

Mr. Cameron: The minister was speaking of defence, and he was speaking earlier of deterrent power which I have always understood to be the power to pursue a policy of what Mr. Dulles called massive retaliation in order to prevent an attack rather than defend against it. Have we in our possession or is there in the government's possession any method of deterrent in that form? Is it possible for us to deter a missile attack against Canadian territory?

Mr. Pearkes: The power of retaliation is in the main based with the strategic air force of the United States and with the bomber forces and the rocket forces now being developed in the United Kingdom and in western Europe. We have no part in that phase of the deterrent, namely the power of retaliation.

Mr. Cameron: Then do I take it, Mr. Chairman, that Canada is not able to play any part in the defence which is dependent on the power of retaliation to deter attacks: that we are dependent entirely on the United States and Britain. Is that correct?

Mr. Pearkes: Canada is a member of the NATO organization. We have tried to coordinate and assign to the different countries the part they are best able to play in the whole defence scheme. We have a very important part to play as far as the defence of this North American continent is concerned. We have not taken on any part with regard to the forces of retaliation other than to provide protection for those forces of retaliation by our warning system, our air defence command here on the North American continent, and naval patrols which would prevent enemy submarines from interfering with the powers of retaliation. Also there is our contribution in Europe, which acts as a shield and protection to the forces which are established in Europe and which can take part in measures of retaliation.

Mr. Cameron: Well, Mr. Chairman, I understood the minister to say that the power of deterrent by means of possible retaliation lies with the strategic air command. That does not agree with his statement that our contribution to NATO is a contribution to power, because the strategic air command is not, I understand, under the command of NATO at all but entirely under the command of the United States administration. Is that not true?

Mr. Pearkes: The deterrent must be viewed as a whole. It is in two parts. One is the defensive measures which protect the powers of retaliation and prevent the possibility of the enemy gaining successes, and the second is the power of retaliation. The launching of that retaliation is, as I think the hon. member said, a matter for decision by the President of the United States.

Mr. Cameron: And can the minister tell us in view of that fact—it would be a matter of interest to Canadians—if the United States has at its command the necessary weapons now to produce massive retaliation in the event of a guided missile attack?

Mr. Pearkes: From the information which I received at NATO I am convinced that NATO is strong today.

As to the details regarding United States plans for retaliation, that is another country and it is not for me to answer or to give details regarding that matter.

Mr. Cameron: But I must remind the minister that he has already told us in effect that we rely on the United States strategic air command for the power of retaliation as an instrument in our defence, and I do not think he can very well slide back into NATO again when he has told us that. I think it is of importance to us to know whether the strategic air command of the United States upon which we apparently rely is now in possession of weapons able to supply that protection.

Mr. Pearkes: I am confident that the United States and other NATO countries have a power of retaliation which will be very effective.

Mr. Pearson: On the point we have been discussing, Mr. Chairman, the committee will of course be aware that a great deal of detailed information on this very matter has recently been given during congressional investigations in Washington by Americans in charge of national defence. The information is all on the record there now, so there is nothing very secret about it.

I want to ask the minister whether he has any comment to make on a story which appeared in the London *Free Press* of December 27, and which is reported to have been based on information supplied by the directorate of public relations for the army in Ottawa. The nature of the story will be indicated by the first paragraph of this report, which I will read. It is as follows:

Second battalion, the Royal Canadian regiment, now in Wolseley barracks, (London), has been placed on constant stand-by alert to move into any trouble spot in the world if necessary, as Canada's contribution to a United Nations or NATO emergency force, it was learned today.

Mr. Pearkes: After the experience which was acquired when there came a demand to send a Canadian unit to Suez, the decision was reached to have one stand-by battalion ready for any emergency, not earmarked necessarily for the United Nations, but for any emergency.

I can give an example of the changes which are brought about by that decision. In a good many of the units—and this applied particularly when the Queen's Own was ordered to go to Suez—it was found that there were a number of men who were under the age when it was desirable that men should leave this country on active service. By earmarking one battalion for immediate readiness we have eliminated the younger men from that battalion and created a unit which would be ready for any emergency which might occur.

Mr. Henderson: Mr. Chairman, the minister has made striking changes in the militia—I notice this matter may be discussed under a subheading the details of which we are now discussing—but in spite of the statements the minister has made I am convinced there is still a great deal of doubt in the minds of members of the militia as to when their units might lose their identity.

The minister has explained about the various columns into which the militia would be divided for civil defence purposes, but I still find there is doubt in the minds of the people of Canada as to which body would be replacing the militia in case of infiltration by enemy troops or the infiltration of agents into certain districts. Considering also the fact that the military training given to militia units is now greatly reduced compared with what it formerly was, I wonder if the minister would make a statement bringing us up to date on the militia today, and whether he would also give us a forecast as to future unit recognition, telling us what body he thinks would replace the militia in the event, for instance, of local skirmishes in the absence of the permanent forces.

Mr. Pearkes: There is no force contemplated to take the place of the militia. The militia has a very important role to play in the general defence program. Emphasis is being placed this year on the ability of the militia to play its part in aid of the civil power if a disaster should occur here in Canada. They are being trained especially this year in order to maintain the ability of this nation to survive if this country should come under attack. It is a realistic role, and

one which can be allocated to a force which is composed of citizen soldiers many of whom are closely in touch with the civil authorities by the very nature of their civilian employment.

This does not mean they are not to continue their training in the other roles in which they might possibly be employed. All the advice I received from the best military judgment indicates that if there is another major war it will start with a period of intense nuclear activity, and this continent and this country might well be a target for hostile bombers or even for missiles if our deterrent fails. In order to be able to play their part in those preliminary phases of another war the militia are concentrating on their role in aid to the civilian power, and it is being organized so that each militia unit will be able to make a definite contribution in that regard.

Mr. Henderson: Mr. Chairman, I notice that on three occasions the minister was at pains to lay emphasis on the statement that the training was for this year. I was wondering if he could forecast if this civil defence training was merely for this year, and if he was going to revert next year to the training the militia previously had?

Mr. Pearkes: No. The militia will always, as far as I can see, have a very definite role to play in the first battle for survival in this country, and we will continue to emphasize the importance of that; but we will not overlook other possible future roles, and so the know-how of the ordinary military training will have to be maintained. I must emphasize the fact that I believe military training, disciplined troops, would have a tremendous effect in restoring order in an area which had been under attack or which had met with some catastrophe. The appearance of an organized, disciplined, uniformed body would do more to restore morale than almost anything else. Therefore we must concentrate part of the militia's training toward the relief of such a catastrophe on the importance of discipline and military training as such.

Mr. Martin (Essex East): Mr. Chairman, I should like to say that when I had the responsibility for civil defence I always found my hon. friend very objective and responsible with regard to the very difficult problem involved in trying to provide for the defence of the civilian population against modern potential warfare. While I realize that civil defence does not come under the purview of the Minister of National Defence, the responsibility of the two departments in this particular is so related that I do not think it inappropriate to ask the Minister of National Defence one or two questions having to do directly with civil defence. I would hope certainly that before the conclusion of this session we could anticipate some statement by the responsible minister, the Minister of National Health and Welfare, with respect to this difficult question of civil defence.

The suggestion has been made, of course, that the only effective way of providing for civil defence is through the use of mobile columns provided largely from the militia itself. This view is predicated upon an alleged practice that has been embarked upon in the United Kingdom. As I am sure my hon. friend knows, the extent of the use of these mobile columns in the United Kingdom has been greatly exaggerated. I think it would be well, if the minister feels that is the case, if he would indicate this; because there are many thousands of people in Canada interested in civil defence who are somewhat frustrated and who are influenced to some degree by the suggestion that the proper way to provide for civil defence is through the use of the militia.

I think it is a well known fact that it had been rather well established at least a year before the previous government vacated office that the militia, the reserve forces and the armed forces generally would be indoctrinated to a much greater extent than heretofore in the matter of civil defence. It would be useful for the minister to indicate what increased use is being made by the armed forces, for instance, of the civil defence college, of the training received there; what additional civil defence training is afforded the armed forces at the Royal Military College or elsewhere, to indicate an increasing realization by the armed forces of the responsibility for civil defence and the part the armed forces can play in this very difficult matter.

It might also be useful for the minister to indicate his views, if he is now in a position to do so—and I am not pressing him because I know the difficulty—about the practicality of evacuation as a defence against atomic and thermonuclear warfare. He might indicate, too, what is the view of the Department of National Defence with regard to civil defence in so far as it has to do with the intercontinental ballistic missile, and what is the latest thinking.

I raise these questions not in a critical way, because this is too important a matter to raise for the purpose of political embarrassment. This is an extremely difficult problem, and I know it perhaps as well as anyone in this house. It seems to me that the government does have a direct responsibility if we are spending these huge sums of money for the maintenance of our freedom

and integrity—and I see no alternative to our so doing—as an insurance premium, as the leader of the opposition often used to say about the cost of NATO. By the same process of reasoning it must be presumed that the civilian population of the country must be afforded some measure of defence against the terrible potential that could exist in modern warfare.

Does the minister think that the basic lines of civilian defence pursued in this country by the provinces, the federal government and the municipalities, relying upon the municipalities, relying upon the municipality as the main arm with the co-ordinated effort of government is the right course? If it is not, do my hon. friends have some changes in mind? Perhaps this would be the appropriate moment for the Minister of National Defence to give us the benefit of his thinking and of his assessment since he became the minister responsible for national defence.

Mr. Pearkes: I have always emphasized the fact that the role which the militia is to play in civil defence is that of aid to the civil power. I take exception to the remark —perhaps it was not intentional—made by the hon. member that mobile columns were the only form of defence.

Mr. Martin (Essex East): In the United Kingdom. I was referring to the United Kingdom.

Mr. Pearkes: I think the situation is quite different here owing to the distance between cities. I can see a great value in having an organized body of militiamen capable of moving into an adjacent area which has been destroyed by enemy action or by some act of God. We are organizing those columns, of which there will be approximately 50 distributed across the country, consisting of reconnaissance companies, rescue companies, communications companies, traffic control companies and that sort of thing. Each militia unit will be given a definite quota of sub-units ready to move into any adjacent area which has had the misfortune of being attacked or, if there are any survivors after an attack in their own particular area, to be there to give aid.

But there is no basic change in the concept of the role of the militia to aid the civil power. I want to emphasize that point. The militia is not taking over civil defence. The responsibility for civil defence still rests with the provinces and the municipalities. I am sure the Minister of National Health and Welfare will support that contention when he speaks.

We are stepping up the training of the militia and the regular army in their duties in connection with civil defence, and we are increasing the attendance at courses at the Arnprior civil defence college. There is to be a staff course conducted there, a sort of staff study, between the senior militia officers and the senior officials of civil defence in order to ensure that the two organizations work in the closest possible harmony.

The Chairman: Before we proceed further to consider the heading "Canadian army, militia" may I assume that the discussion under the heading "Canadian army, regular" has been concluded.

Some hon. Members: No.

The Chairman: If not, shall we consider both headings together?

Mr. Knowles (Winnipeg North Centre): Which two headings?

The Chairman: Militia and Canadian army, regular.

Some hon. Members: Agreed.

Mr. Byrne: Mr. Chairman, the minister indicated in his reply a few moments ago that he recognized the real importance of the reserve units as they are spread out across the country. I am sure the minister is aware of the very excellent unit of the Royal Canadian Engineers established in the town of Kimberley. It is a mining community where a large percentage of the employees are engineers and others with mechanical training.

This unit is up to full strength but has completely inadequate facilities. They are renting an old hall which, while it has been of some use, has got well beyond its usefulness. For some time we have been pressing for an armoury. In addition, the unit has to pay high rent for storage of the equipment, trucks and the various armaments.

I was assured by the former minister that plans were well in hand for the establishment of an armoury in Kimberley for this very important unit. I have not seen any evidence of any progress. Can the minister tell me what the position is today?

Mr. Pearkes: The whole question of the construction of new armouries is under review at the present time, and the desirability of constructing an armoury at Kimberley is part of that review.

Mr. Byrne: I am sure the minister will agree that it is important to maintain such a unit as this, which is highly trained in engineering, and that he should give primary consideration to an armoury there.

The Chairman: Shall the headings "Canadian army, regular and militia" carry?

Mr. Nicholson: It is one o'clock.

Mr. Deniset: I have one or two questions to ask on the militia heading but I am sure it will take more than one minute to answer them. Will you call it one o'clock, Mr. Chairman?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Deniset: Mr. Chairman, I have several questions to ask the Minister of National Defence, particularly with regard to the militia. Some of them were already answered this morning in reply to questions asked by various members on this side of the house. I was very much interested in hearing the comments of the minister this morning on the role of the militia. Before I proceed to ask questions I should like to give my understanding of what the minister said this morning in order that we will be able to proceed on a firm basis. I believe the minister stated that the militia is to continue in its role of an aid to the civil power. He stated further that the militia is not taking over civil defence but that because of its role as an aid to the civil power it is necessary for the militia to step up its training in civil defence and that this is actually being done. If I am wrong up to this point I should like the minister to correct me.

Mr. Pearkes: That is correct.

Mr. Deniset: On the other hand, the militia is not to continue its old role of providing reserves in time of war but is being reorganized into mobile columns.

Mr. Pearkes: No, that is not correct. I have said that the secondary or alternative role of the militia will be to be prepared to supply reinforcements if ever required in time of war.

Mr. Deniset: I thank the minister for the correction. I wanted to have the record straight. Is it correct that the purpose of the additional role of the militia involving reorganization into mobile columns is so that these columns can be shifted to adjacent theatres of action inside of Canada as those theatres may develop if war comes to Canada?

Mr. Pearkes: The militia is not being reorganized into support columns. The militia units are being called upon to earmark certain personnel in order to supply some units to the support columns. Let us take the Winnipeg unit. The Winnipeg Rifles might be asked to supply two rescue companies. The Fort Garry Horse might be asked to supply a reconnaissance company for the support column in Winnipeg. The support column in Winnipeg might be required to render aid, shall we say, to the northern part of Winnipeg which perhaps had suffered a disaster or might be moved to Port Arthur or anywhere else where their assistance might be required.

Mr. Deniset: I thank the minister very much for his explanation. I think the matter has been clarified. Would the minister also consider that these militia units, in addition to being mobile columns, might also become islands of resistance in case of Canada being overrun by an enemy? The immensity of this country makes it impossible for any enemy to overrun it everywhere at the same time. Having regard to the fact that the enemy might be subjected to attacks from our own bases or bases of our allies and might be subjected to being partially overrun, it would seem to me that by forming islands of resistance throughout the North American continent we could establish the core or the backbone, if you wish, of phase No. 2 in any world war. I am not one who believes in a war that will last only a few hours. The minister knows very well that unless you are dead they have to come and get you if you still want to fight. I should like to hear the opinion of the minister with regard to using the militia units as islands of resistance.

Mr. Pearkes: I am glad to say that the prospect of Canada or any part of Canada being overrun by invading forces is extremely remote. It would only occur after we had lost the battle of survival. Under those circumstances militia units and any other organized bodies would have to continue the struggle for survival and if any militia personnel were left they would be in a position to offer such centres of resistance as the hon. member has described. Therefore they are continuing their strictly military training as well as concentrating on training to render aid to the civil power during the first and what we believe is the crucial stage of the battle for survival.

Mr. Deniset: I thank the minister again for his clarification. Would the minister tell us whether the savings which were announced and which I understand are created by a reduction of militia activity appear anywhere in the estimates now under review?

Mr. Pearkes: They will be reflected in the estimates for next year. There is one point I should like to emphasize. Canada now has a regular force of 49,000 soldiers. These men are serving for periods of three years and are then returning to civilian life as trained men. One can imagine that in the event of an

emergency large numbers of these men, particularly those who had left the service more recently, would return to their units. Therefore there is now a much greater reserve of trained men in Canada, exclusive of the militia, than there has ever been before.

Mr. Deniset: I would agree with the minister on that count as long as the militia units remain as active as possible wherever they are situated. If these men coming out from the regular forces have nowhere to go they will return to their civilian occupations and what they have learned in the armed forces will be lost. I should like to comment on that particular subject. Great concern has been expressed throughout the country about the unknown or somewhat unstable policy of the government regarding the militia. We have had to ask many questions on the subject during the question period and we are still asking questions. To use the minister's words, the minister said that the role of the militia used to be glamorous, phony or impractical, and I feel that the house and the Canadian people are justified in requesting an explanation from the minister of these words which he himself used in the house.

Mr. Pearkes: The minister never said that the role of the militia had ever been glamorous or phony. There is no glamour about modern war, none whatever. It would be purely phony to hold out to the militia the prospect of going over in the early days of a conflict to supply reinforcements to a European theatre of war.

Mr. Deniset: I could not agree more with the last part of the minister's remarks. There could be nothing more phony than sending the militia abroad in time of war, unless it were a protracted war which we could not contemplate. I could not agree more with his earlier statements. However, I should like to quote from *Hansard* of October 16, 1957, page 38, when the minister was being asked a question about the militia. He said:

> That may not be as glamorous a role as some of the other ones which have in the past been carried out by the militia, but I am confident that the militia will render the same patriotic service in this role as it has always done, rather than seeking some phony, glamorous role which hardly exists.

Those are the words the minister pronounced in the house.

Mr. Pearkes: There is no suggestion in those words that the militia has ever been asked to carry out any phony role. There was a glamorous role. Certainly, there was a certain amount of glamour to war in bygone days. There is no glamour in war today.

Mr. Deniset: There again, I could not agree more with the minister. There is no glamour about war. Certainly nobody wants to go to war. If we are discussing this matter at the present time, it is because we do not want any war. After all, the whole Department of National Defence is insurance for peace. But the minister is back-tracking on this statement which I quoted from *Hansard*. I will give him credit for that.

An hon. Member: He did not back-track at all.

An hon. Member: If it was back-tracking.

Mr. Deniset: The minister said, again at page 38 of *Hansard*:

> There is no suggestion of the militia having carried out in the past any role that could be considered as phony or glamorous, but there might be roles carried out in the future which would not be practical.

Later on, the minister said—

Mr. Hodgson: The minister told us what he said.

Mr. Murphy (Westmorland): You get up and make a speech on this if you want to.

Mr. Hodgson: What he is reading is what the minister has said—

Mr. Murphy (Westmorland): Oh, shut up.

Mr. Hodgson: You come over and try to make me shut up. I would like about two minutes with you—

The Deputy Chairman: Order.

Mr. Deniset: Mr. Chairman, on October 22 I quoted these remarks in the house, and then I said this—

Some hon. Members: Oh, oh.

Mr. Deniset: It would seem that I am hitting below the belt because I can hear noise from the other side. I said this as recorded at page 250 of *Hansard* for October 22, 1957:

> I feel that the thousands of Canadian people who have sacrificed so many evenings, so many weekends and so many vacations during the summer time, purely as a result of devotion to duty to carry out training with the militia, deserve an explanation, and I trust this explanation will be forthcoming sooner than in mere due course.

Now, today we are gradually getting some explanation.

Mr. Cameron: I wonder if the minister had an opportunity during the luncheon recess to look at today's copy of the Ottawa *Citizen*? If so, did he see in it a letter by Major General W. H. S. Macklin, retired, who is discussing a panel discussion which had taken place on T.V., and said:

> My own wish, which wasn't debated either, was for a new and realistic defence policy for 1958.
>
> In pursuit of our present sterile policy we have blown in billions on defence year after year. And yet as of new year's 1958, we are defenceless. We

have no defence whatever against the only direct attack that can be delivered on us—a nuclear attack.

We have only a deterrent, to maintain which we have already sacrificed every vestige of sovereign power to stay neutral as Dr. Whitton suggested we should do. Even the deterrent is now disastrously weakened by the Russian rocket.

For my part, in the absence of a new, and more objective defence policy, I should be delighted to take on the job of keeping Canada in her present helpless state for only nine hundred million per year, instead of the eighteen hundred millions or more that we have been dumping into the quicksands of the defence department year by year in the past.

I imagine, Mr. Chairman, that the minister will have a better estimate than I have of the authority with which General Macklin speaks. Both of them being major generals they should have a fair estimate of each other's ability. I should like to ask the minister if he agrees, in the first place, with General Macklin's statement that:

We have no defence whatever against the only direct attack that can be delivered on us—a nuclear attack.

I should like to ask him if he agrees that is the only sort of attack to which we could be subjected. If so, does he seriously contend that there is any method by which, at the present time, Canada or her allies could have a deterrent which might prevent such an attack. I know this morning he told me that they did have a means of protecting the bases from which deterrent attacks could be launched. I would think that is rather questionable in the light of his further statement that there is no defence against the intercontinental guided missile, no method by which the launching sites for deterrents against them could be protected. I wonder, Mr. Chairman, if the minister would care to comment on General Macklin's rather forthright statement that we have literally no defence, and at the moment we are dumping billions down the drain in pursuit of the same sterile policies?

Mr. Pearkes: Mr. Chairman, I thought we were dealing with the details of the army estimates. This question gets back again into the realm of general policy. In so far as the statement of General Macklin is concerned, I did not have an opportunity of reading it during the luncheon hour. I have known General Macklin for a period of 30 years or more, and I think I am in a position to assess the reliability of the information that he sometimes gives to the general public through newspaper reports. I disagree entirely with him that we are in a helpless state. The whole tenor of the NATO conference was that we are speaking from a position of strength. NATO, of which Canada is a partner and an important partner, speaks not from weakness, not from craven fear, not with any idea of appeasement, but from strength and in the knowledge that Russia is fully aware of the strength that there is in the powers of retaliation. That is our hope for peace. So long as we keep up that strength I give the Russians sufficient credit for common sense that they are not going to attempt to attack this country. We count, for the preservation of peace, on the knowledge that we are prepared, if necessary and if Russia violates the present peace conditions—the west has no thought of offensive operations—we are yet in a position to strike back in a way that certainly would not make it worth Russia's while to do that.

I admit that we have no direct defence at the present time against the intercontinental missile, nor has Russia got any strength in intercontinental missiles at the present time. Perhaps by the time Russia has developed strength which might make her foolhardy enough to attack this country we shall have the answer to the intercontinental missile. But our hope for peace today rests on the power of our alliance, on the deterrent that that alliance is able to provide, and on the means of retaliation if Russia is so indiscreet as to start a war.

Mr. Nicholson: Earlier this morning the minister was kind enough to indicate that our expenditure to maintain the army in Europe was about $30 million and for the air force, $90 million. Again, if I may, I should like to refer him to the speech he delivered in July, 1956 in which he suggested, as recorded at the bottom of page 6207 of *Hansard* of that year:

I am not suggesting that there should be any cuts or reductions made in this year's estimates, but I think between now and the time the minister presents his estimates a year hence he must review the whole situation in a most thorough and comprehensive manner.

I would remind him that his colleagues the Minister of Veterans Affairs and the Secretary of State supported him two years ago in expressing the hope at least that some relief could be seen in the future toward reducing these very heavy expenditures. Now that the minister has been in charge of the department for six months I wonder if he could indicate whether any effective savings have been made in connection with the retaining of the armed services in Europe. While we are not discussing the air force at the moment, these two items total $120 million. While the minister was very careful two years ago to indicate that no intelligent person would suggest that those who are serving Canada in Europe should have their pay and allowances or other services cut, the whole tenor of the minister's remarks two years ago indicated

that $120 million a year was a very heavy drain on the Canadian economy and that something should be done to reduce this amount. Could the minister indicate what has happened in the last 12 months or in the year 1957? Has there been any effective reduction in our expenditure with respect to maintaining the army and the air force in Europe?

Mr. Pearkes: This applies to the air force. Quite recently arrangements have been made to extend the period of service of the personnel in Europe, thereby eliminating the amount of transportation and the cost of continually changing the personnel. They were on a basis of a two-year term of service. But now, where there is any desire on the part of an individual or if the individual has no objection, his period of service is to be extended to three or four years. We are considering the possibility of introducing a similar sort of rotation with respect to the army. Wherever possible we have been reducing administrative costs, which reductions have enabled us to cover the increases which it was desirable to pay to the troops in the way of pay and allowances. But I admit frankly that it is a heavy drain on the Canadian economy to keep these forces in Europe. However it is an obligation that we have assumed. We believe it is money well spent in order to preserve the peace of the world.

Mr. Nicholson: Two years ago the minister, as a private member and as an ex-soldier, expressed the considered opinion that these items should be carefully reviewed.

Mr. Pearkes: They have been carefully reviewed.

Mr. Nicholson: Can the minister indicate the percentage of the reduction in expenses? He has had six months as minister. He gave us roughly the figure of $120 million a year as what it has been costing. Could he indicate in percentages roughly the savings that are going to be effected as a result of the careful survey to which he has referred? Can he give us the total amount or the percentage of reduction that he anticipates?

Mr. Pearkes: We have not it in detail yet. The end of the year will reflect what savings we have been able to make. If it is possible to make any savings in that respect, they will be reflected in next year's estimates.

Mr. Garland: This morning when we were discussing the matter of improving the site at Camp Chippewa the minister indicated he might give me an answer after lunch.

Mr. Pearkes: Yes. During the luncheon hour I was able to make some inquiries with regard to Chippewa. I understand that the buildings at that camp, which was established during the Korean crisis, are owned by the Department of National Defence but that the land is owned by the city of North Bay. It has been agreed that the Department of National Defence will return part of the land to the city and will purchase the remainder. It has also been agreed that there will be carried out certain improvements, which I have described this morning more or less as general maintenance, to the buildings and their surroundings. I am informed that the plans have not yet been finalized for these improvements but that as soon as they are finalized the necessary improvements and developments of the surroundings will be undertaken.

Mr. Garland: I should like to thank the minister for this information. With that thanks I should like also to couple the suggestion that perhaps he and his officials could expedite the matter. At the present time there are over 2,300 unemployed in our city. This figure is comparable to 900 unemployed exactly a year ago. My point in saying that is this. The majority of the people who are unemployed in our area at the present time are from the construction trades. If some of this work could be carried out at an early date I think it might be helpful.

Mr. Pearkes: I will certainly look into that matter and see whether we can start the work at an early date. We should like to take advantage of any possible opportunity to relieve unemployment.

Mr. Knowles (Winnipeg North Centre): At the bottom of page 330 and at the top of page 331 there are listed a number of positions simply under the title "assistants". The salaries or wages paid to these assistants vary from about $1,100 at Belgrade to over $4,000 at Washington. Can the minister say what kind of assistants these persons are or what sort of work it is which they do for these varying rates of pay?

Mr. Pearkes: In the main they are civilian clerks and stenographers who are attached to the military attaches at these various stations. I believe that is correct.

Mr. Knowles (Winnipeg North Centre): What kind of a person would be working for $1,100 a year?

Mr. Pearkes: It would depend entirely on the country. In the main—I do not say exclusively—they are nationals of the countries in which they are employed.

Mr. Haidasz: I note that in the estimates for the navy there is listed an item "All other expenditures, $1,125,000" and for the army, $4,256,000.

The Deputy Chairman: Order. May I call the hon. member's attention to the fact that he is now talking about a navy item which was passed yesterday.

Mr. Haidasz: Then I will restrict myself to the item for the army, "All other expenditures, $4,256,000". If possible, could the minister itemize this statement?

Mr. Pearkes: The main items under that heading are laundry and dry cleaning. There is an item for $1,069,000 under that. There is also photography and aerial mapping—a large program of mapping is carried out—and that is an item amounting to $1,070,000. There are special grants for uniforms, equipment for bands, compensation for loss of property and various miscellaneous items amounting to $584,730, making a total of $4,250,000. These are a large number of miscellaneous items not otherwise classified.

The Deputy Chairman: That brings us to the Northwest highway system on page 335, the last item under "Army". Is it agreed that we proceed on that basis?

Some hon. Members: Agreed.

Mr. Barnett: I wonder whether the minister could bring us up to date with regard to any recent developments in the Northwest highway system, particularly with regard to the matter of the bridge replacement.

Mr. Pearkes: Unfortunately the bridge over the Peace river between Dawson Creek and Fort St. John was washed out as a result of very heavy rains in the early fall and the general erosion of the north bank. This bridge, it will be recalled, was built by United States engineers during the war. It has been necessary to make temporary arrangements in order that the traffic in the area round Fort St. John and Dawson Creek might be continued. It is mainly civilian traffic; there is very little army traffic going over that portion of the highway at the present time. By various means and by making temporary arrangements for the P.G.E. bridge, thanks to the co-operation of the British Columbia government traffic has been resumed. A small additional bridge had to be built over the Pine river so that traffic could get to the south end of the P.G.E. bridge. A board of consultants has now been established under the chairmanship of Dr. P. L. Pratley, a well-known Montreal engineering consultant, Mr. H. H. Minshall, a Vancouver consultant, Mr. A. B. Sanderson of Victoria, and Mr. L. G. Grimble of Edmonton, all of whom are well known engineering consultants.

They have held one meeting already in Ottawa and the second meeting is to take place on January 8 in Vancouver. It is hoped they will produce a design for a more suitable type of bridge than the one which has been in existence, and as soon as a design has been produced it is the intention of the department to call for tenders and to restore the bridge at the earliest possible opportunity.

Mr. Barnett: Mr. Chairman, I have from time to time seen press reports about certain plans for hard surfacing of certain portions of the Alaska highway—

Mr. Pearkes: Tenders have been let for that portion of the highway between Dawson Creek and Fort St. John, and the work is now in progress.

Mr. Barnett: Has that portion of the highway been turned over to the province of British Columbia, or will it remain under the jurisdiction of the Northwest highway authorities?

Mr. Pearkes: It will remain under the jurisdiction of the federal government until it has been hard surfaced and then it is hoped that discussions will take place with the province of British Columbia to see whether the province would be willing to take over that portion of the highway, which is of very little defence value at the present time, it being used mainly for commercial operations.

Mr. Barnett: Is the Department of National Defence bearing the entire cost of the hard surfacing program?

Mr. Pearkes: The Department of National Defence is bearing the entire cost of the surfacing of the highway because it was in the original agreement that we had to maintain this highway and it has been found that owing to the very heavy wear and tear on the gravel highway the cost of keeping it gravelled, and repairing it, was more than the over-all cost of hard surfacing.

Mr. Barnett: Is there any study under way on the question of proceeding with a surfacing program farther north on the highway?

Mr. Pearkes: No, there is not the same heavy traffic north of Fort St. John as there is between Fort St. John and Dawson Creek.

The Deputy Chairman: We are now proceeding to the item concerning defence services, air, at the top of page 339, an item which continues until about half way down the page on page 346.

Mr. Pearson: Mr. Chairman, perhaps this is the occasion on which to ask some questions in the hope of receiving some clarification in regard to North American air defence headquarters, on NORAD as it is more popularly known. Earlier questions on this matter, both in the house and in the committee on external affairs, have made it clear that there is no political agreement between the two governments laying down the principles upon which this headquarters should operate, and the relationship of the headquarters to the two governments, and that omission seems to us to be a very notable one because of the importance of this development, an importance which is perhaps as much political as it is military.

We did learn at one stage that the headquarters was operating under an interim arrangement. Then later on December 5 the minister pointed out, as recorded in *Hansard* at page 1941, that this was not even an interim arrangement in the sense that anything had been put down on paper to govern this matter. He said he would prefer to call the arrangement "interim discussions rather than notes" and he went on to say there had been no passing of any formal notes at all, but there had been visits to the government of the United States.

I take it, Mr. Chairman, that steps are, however, being taken to work out a political arrangement which would govern this very important development, and I should like as my first question to ask the minister what progress has been made in regard to such a political arrangement and whether it has yet been concluded. The minister indicated at one stage, I believe, a hope that it would be concluded by the beginning of the year. Can he tell the committee what progress has been made in this matter?

Mr. Pearkes: Yes. I saw Air Marshall Slemon who visited me in Ottawa a few days ago and he said that progress is being made in the working out of these notes. There has already been a draft note submitted which we have sent back to Washington with certain comments. The last information I received was that this matter would be discussed by the United States joint staffs not before January 10.

Mr. Pearson: Mr. Chairman, is this intergovernmental agreement which by its very nature would have to be a political agreement being worked out merely by the two defence departments of the governments concerned?

Mr. Pearkes: No, no. They are drawing up first drafts which of course will be submitted to the governments. As the hon. gentleman knows these international agreements take a surprisingly long time.

Mr. Pearson: That is true, Mr. Chairman, but there has been a period of six months in which to conclude this agreement because the headquarters has been in operation for six months without any agreement interim or otherwise.

May I ask another question. It was stated in this house by the Prime Minister before the recess that as a result of the NATO council meeting in Paris "NORAD had become an integral part of the NATO military structure". Those were the words used. I would be grateful if the minister would explain how that has been done and what is the actual relationship then between NORAD and NATO which makes it an integral part of the NATO military structure which I must say was surprising news to me?

Mr. Pearkes: As the hon. gentleman will recall when the NATO organization was first set up there were I think five regional areas established one of which was the Canada-United States regional planning group. NORAD is definitely under that Canada-United States regional planning group. They report to that Canada-United States regional planning group. That regional planning group differs from the organization in Europe in that it does not have a supreme commander. It consists of the chiefs of staffs of the two countries, Canada and the United States. It has never been considered desirable either by this government or by the previous government to appoint a supreme commander of that particular area. Therefore you have this regional planning group consisting of the chiefs of staff of Canada and the chiefs of staff of the United States. They report to the military committee of NATO and they in turn report to their respective governments and in that way NORAD is definitely a part of the NATO structure.

Mr. Pearson: Mr. Chairman, what the minister has stated and stated very clearly is of course not new. That has been the situation now for some years. But there is a very great difference as the minister will undoubtedly appreciate—and indeed he has already indicated that there is a difference—between a NATO command and the Canada-United States planning group. There is no similarity between the two except in the sense that the planning group, as the minister pointed out, does report annually its activities to the military committee of NATO, but to give the impression that the Canada-United States planning group and

NORAD under that group is in the same relationship to NATO as a NATO command is of course misleading.

Only yesterday I received through the courtesy of the secretary general of NATO an end of the year publication called "Facts about NATO" in which the following paragraph occurs:

A Canada-United States regional planning group has existed ever since the signing of the Ogdensburg Agreement in 1940 by Canada and the United States. It was a consultative body which, after having functioned successfully during world war II, was asked in 1949 to put forward, within the framework of over-all NATO strategy, defence plans for the Canada-United States area. It is mainly concerned with questions of defence against air attack in the Arctic regions and with the establishment of a vast radar network stretching from Alaska to Newfoundland. The Arctic defence operation is a joint Canadian-United States effort, and the stations may be manned by Canadian or United States staff, or by combined Canadian-United States personnel.

The NATO report then goes on to say:

The Canada-United States regional planning group has no assigned forces and is not a command in the real sense of the word. Its primary task is to work out a common strategy for the North American area.

The NATO commands are definitely under the control of the NATO organization and not only report to but receive political and military guidance from the NATO organization, but NORAD of course has no relationship of that kind to NATO as I am sure my hon. friend will admit because he himself stated that in the house on December 5, 1957, as recorded at page 1899 of *Hansard* when he said:

The officer appointed to fill the position of commander in chief, North American air defence, was made responsible to the governments of both countries for the air defence of North America, and to report directly to the United States joint chiefs of staff and the Canadian chiefs of staff committee. All plans for the deployment and employment of air defence forces must be approved by the chiefs of staff and, when necessary, by the governments of both countries.

There is no reference, of course, to NATO in that paragraph and therefore the impression that may have been created by the words of the Prime Minister that NORAD is now an integral part of NATO seems to me to be an inaccurate one. The fact is, of course, that NORAD, as I understand it, does not derive its authority in any way, shape or form from NATO. To follow that up and arising out of the paragraph which I have just read from the statement the minister gave the house on December 5 I would like to ask him the following questions.

Does the commander or the deputy commander of NORAD receive his appointment from any NATO agency? The answer to this is obvious from what the minister has already said. Secondly, does the commander or the deputy commander of NORAD derive his authority from the NATO council or any other NATO agency? If the answers to those two questions are in the negative, as I am sure they are judging from the minister's previous statement, what then is the source of the authority and command of the NORAD commander and deputy commander? Perhaps the minister might reply to those questions.

Mr. Pearkes: The commander of NORAD, General Partridge, of course was appointed by the United States in exactly the same way as the deputy commander, Air Marshal Slemon, was appointed by this government. Both of them are working together at Colorado Springs. The concept of this North American defence command is very definitely part of the whole NATO attempt to prevent war developing.

I think it is utterly impossible to separate the defence of the North American continent from the rest of the NATO defence plan. This command has been set up under the general Canada-United States planning group. As the hon. gentleman said, that planning group has been set up ever since NATO was started and I understand that one of the objects of all of these planning groups and of all of these regional planning groups was the protection of the particular area with which they were concerned. It is only a later development that commanders-in-chief were appointed for some of the other commands. That did not exist, I believe, when the regional pacts were first started and they have gradually developed.

As I pointed out, there is no commander-in-chief of the Canada-United States pact, but the joint chiefs of staff of Canada and of the United States act in that capacity and refer not only to their own governments but to the military committees of NATO. I think the chain of command is identical with the chain of command of some subordinate commander in the European force who, instead of reporting to a committee, owing to the particular situation existing in the group, reports to the commander-in-chief, General Norstad, who in turn reports to the military committee. The chain of command is identical; the purposes are identical; but it has not yet been considered desirable to establish a supreme commander of the Canadian-United States regional pact.

Mr. Pearson: Mr. Chairman, I quite agree that these various aspects of defence are interdependent and indeed they are indivisible. One of my preoccupations with this matter is that action has not been taken to bring this particular command into closer relationship with the NATO command.

The minister had indicated that there is really no difference in essence between the NATO command as such and this North American air defence organization but he knows that in relation to the NATO command we in this parliament know exactly where we stand. There was a political agreement between governments establishing NATO and its commands. That agreement was discussed and approved in this house and as a result of that approval Canadian forces were allocated to a NATO commander appointed by NATO though on the recommendation, in so far as SACEUR is concerned, of the United States government. It was all done in a perfectly regular parliamentary way with a political foundation for the action which we took.

As I understand it, nothing like that has happened in so far as NORAD is concerned. It was taken by governmental action without any political agreement, though one is being worked out now. It was taken without bringing this particular command into any other relationship with NATO than that, and it is a very tenuous relationship, with all respect to the minister, which comes through its association with the United States-Canada planning group. I think it is quite misleading to give the impression that the same kind of action was taken in setting up NORAD as was taken in setting up SACEUR. We, of course, participate in both. We know where we stand in one; we do not know where we stand—at least, I do not know where we stand—in the other.

For instance, the minister has already said in this house that General Partridge, the commander of NORAD, a commander—I may be wrong in this—who I believe has no obligation whatever to report to any NATO agency as has general Norstad; and, whose deputy is a Canadian, has operational control over the air forces allocated for the defence of North America, whether they are United States or Canadian air forces. That being the case, surely it is important for us to know from what source this commander derives the authority which gives him operational command over Canadian forces. We know the source of that authority in the case of General Norstad and the NATO command; we do not know it in the case of NORAD.

General Partridge, however, seems himself to know the source of his own authority because he has stated that the President of the United States has given his approval to use, without reference to anybody, any weapons at his disposal if there is a hostile aircraft in the sky. That is what General Partridge said as I read it from an interview he gave a few weeks ago. One of the weapons that General Partridge has at his disposal is the Royal Canadian Air Force. Therefore I would like to know whether General Partridge has the same authority from the Canadian government and how he got it. Furthermore, I would like to know whether the deputy commander, Air Marshal Slemon, if he were in charge, and he would be in charge if General Partridge were away, has exactly the same authority and command over United States operational forces as has General Partridge.

Mr. Pearkes: I can assure the hon. member at once that Air Marshal Slemon is in every respect the deputy commander. If General Partridge is away Air Marshal Slemon has full control of the United States air force designed for the defence of the North American continent.

Mr. Pearson: Will the minister answer my other question? What is the source of General Partridge's authority and his operational control over Canadian forces?

Mr. Pearkes: That will be laid out in detail in the formal note. At the present time we are operating, as the hon. member said, on an oral and verbal agreement. The two commanders are there. They are getting acquainted with each other and it is very important that these two staffs should work in together. There is, I am assured from what Air Marshal Slemon told me, the greatest possible harmony and co-operation between the two groups at Colorado Springs. If anything happened within the next day or two that headquarters would be in a position to render a defence of this country which could never have been achieved, the magnitude of it could never have been achieved, if there had not been an integrated command.

Mr. Pearson: I agree with the minister that it is of the very greatest importance that these two forces should work together in harmony and that they should be able to work swiftly in an emergency. I am sure there is no difference between us on that score. I do not necessarily agree with him, however, in his last observation that they are now in a position to act so much more swiftly and effectively than they were before NORAD was set up.

Mr. Pearkes: They are.

Mr. Pearson: As the minister knows, before NORAD was established there were very effective arrangements in connection with co-operation between the air defence forces of the two countries and I cannot follow the minister when he seems to indicate that all of this can be done—though it is very important that it should be done—merely by an oral or verbal arrangement between members

of the two governments. That seems to me to be a very shaky basis for the kind of co-operation which is so important both militarily and politically.

Mr. Pearkes: As I have explained, those oral conversations and agreements will be confirmed by a formal note which will be placed before parliament in due course.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I should like to indicate once again our support of the concern which has been expressed by the hon. member for Algoma East. We agree that it is desirable to have joint defence of these two countries and that the necessary arrangements should be worked out. But we also feel it is extremely important that the proper political basis be established for any action that might be taken by such a joint defence force. I too was interested in the words that the Prime Minister used in this connection on December 21 after his return from Paris, and I think it is worthwhile to place on the record what he said on that occasion. To do so is to point up the fact to which the hon. member for Algoma East has already referred, namely that in our view there is something a bit misleading in these remarks. This is what the Prime Minister said as found on page 2721 of *Hansard*:

> I refer to the arrangements we made with the United States government for the integrated air defence of North America under what is called NORAD. I want to re-emphasize that I pointed out there, and it was accepted as a fact, that these integrated forces are an integral part of the NATO military structure in the Canada-United States region; that there is a committee of NATO dealing with Canada-United States relations in this regard, and that anything we have done has been reported to the standing group and that course will be followed in the future. The NATO council will have full reports on everything we do, similar to the practice followed in all other NATO military commands.

These words, Mr. Chairman, suggest that there is a similarity between the control over NORAD and the control over other NATO commands such as SACEUR. Yet when one reads these words closely it is quite clear that there is a difference. The Prime Minister did not allege in his remarks that NORAD derives its authority from NATO as is the case with General Norstad who is in charge in Europe but merely that Canada and the United States had vis-a-vis NORAD reported to the Canada-United States political group and in turn reported to NATO. It is one thing to derive authority from a civilian body such as the NATO council and it is another thing simply to report the activities of a military group to such a body.

It seems to me that in this matter we are dealing with something that is extremely important and very basic to our whole democratic approach. Some of us have been in the house long enough to remember the days of the slogan that the parliament of Canada will decide what Canada will do so far as any outbreak of war is concerned. We remember how Mr. King used to give us that assurance very categorically. That, of course, was in the days when wars were launched or declared by nations as individuals. Nevertheless, so long as that was the situation we preserved parliamentary control over this country going to war by means of a section in the National Defence Act which requires that if the government of the day puts troops on active service outside of Canada parliament, if it is not then in session, must be called within a certain number of days. In other words, parliament must be given the opportunity to approve or otherwise of the action of the government which is superior to the armed forces.

We, of course, had that in the case of the outbreak of war in 1939. As a matter of fact, parliament was called within a day or so of the troops being put on active service. We also had it at the time troops were sent to Korea. An order in council was passed and parliament was summoned within the required length of time. Orders in council were passed when troups were sent to Europe under NATO, and so on. In other words, in these developing arrangements we have held to the principle that the civilian authority is superior to the military authority.

In the case of NATO we got away a bit from the necessity of parliament being called in the event that something should happen in Europe. Our troops are already there but they are over there under a political command to which parliament has agreed because we have had the NATO treaty before the House of Commons.

When we come to the situation we are now discussing, the possibility of joint operational activities on the part of the United States and Canadian air forces, these could happen by the decision of a United States general or a Canadian air marshal. They could happen because of discussions that have taken place not even at the departmental level but between military people in these two countries without parliament having agreed in advance to the necessary arrangements.

It seems to me that even the exchange of notes that the minister says will take place in due course is not sufficient. It seems to me that we must either have the situation

that we had in years gone by whereby parliament is summoned if our forces have been put on active service or we must have an agreement in advance such as the approval by parliament of the North Atlantic treaty. In the light of the seriousness of this whole matter I feel that the assurances the minister has given still are not satisfactory. Like the hon. member for Algoma East, we agree that these arrangements have to be made. We agree as to the desirability of joint defence. But we also emphasize very strongly the need of maintaining civilian political authority over the military operations.

When General Norstad visited this country a few months ago and spoke both publicly and privately at various places in Ottawa he made it very clear that he has military authority only because he derives that authority from NATO. The minister has not yet demonstrated to us that General Partridge and Air Marshal Slemon draw their military authority from any civilian or political group. It is not satisfactory to say that they get their authority from the joint chiefs of staff of the two countries. The minister says that in the event of action there might be a telephone call to Washington or Ottawa but the basic requirement of establishing political authority over the military establishment has not yet been made clear.

As I say, it seems to us that even the exchange of notes between the two governments which is envisaged is not sufficient and that soon or later there should be either an agreement that somehow is within the framework of NATO in the same way as the other commands, so that authority is derived from the civilian side of NATO, or there should be something in the nature of a treaty between the United States and Canada which parliament will have the opportunity to consider in the same way that we have considered the North Atlantic treaty and other arrangements of this kind.

Let no one suggest that either the hon. member for Algoma East or we in this group are holding back so far as joint defence arrangements are concerned. But we do suggest most strongly that the proper political authority for such defence arrangements should be established and that parliament should have the chance to approve those arrangements.

Mr. Pearkes: I agree entirely with the hon. member that political authority must be established and it is established.

An hon. Member: Where?

Mr. Pearkes: The chiefs of staff of Canada report to me as Minister of National Defence. I report to the cabinet defence committee or to the cabinet as a whole. That is where political authority is maintained in exactly the same way as the joint chiefs of staff of the United States report to their political authorities. In addition, the combined chiefs of staff report to the military committee of NATO which reports to the military council of NATO. Now, that is where the civilian control is maintained, and the plans which are made have to be examined and approved in principle by the civilian control side in the United States or in Canada.

I am afraid that the hon. member is picturing a possibility of these forces being sent away from this continent. These are the forces, the Canadian air force and the United States air force, specially earmarked for the defence of this North American continent. They are not going to move away from this North American continent, but they will go into action if at any time enemy bombers commit an overt act of war by flying through Canadian air space and giving indication they are about to commit a hostile act. They go into operation automatically. There would be no opportunity to call parliament together when enemy bombers were over our territory. You have to make these arrangements beforehand, and these arrangements are made beforehand. These forces are ready to go into action if any enemy bombers violate our air space and show a hostile intention against the North American continent.

Mr. Knowles (Winnipeg North Centre): No one ever suggested that the phrase "Parliament will decide" meant that parliament had actually to be summoned between the time the enemy attacked and retaliation was commenced for the defence of Canada. The way in which the role of parliament to decide has been preserved is that within a certain period of time after the forces have been put on active service or given a job to do parliament must meet. But we have gone beyond that. We have now got to the point where we have made certain commitments, such as the North Atlantic Treaty, which would make it possible for forces responsible to NATO to go into action and parliament not be called because we have already agreed to the terms of the treaty.

But in this instance there is not anything to which the parliament of Canada has had any opportunity of agreeing so far as this joint defence of North America is concerned. The minister says I seem to be picturing these forces being used elsewhere than in North America. Well, at any rate a number of our personnel are outside of Canada right now. They are down at Colorado Springs. The minister might say it is only a handful, 35 or 40 service personnel, but whatever the number might be I would point out that they

are outside of Canada. In any previous instance where troops have been put on active service outside of Canada there has been an order in council and that order in council has been tabled in parliament within the required number of days of the order in council being issued. So far we have been able to learn of only one order in council that has anything to do with the setup at Colorado Springs, and that is the order in council stipulating what Air Marshal Slemon's salary and allowances are to be.

In the very nature of the case defence could involve Canadian air force personnel in operations outside of the territorial limits of Canada. I am not objecting to that being done. I recognize a situation could arise in which that would be necessary, and in which it would be necessary for that action to be taken instantly without the opportunity for the parliamentary process. But it is because of the necessity for that that it seems to me a special decision should be made in advance and parliament should have an opportunity of making that decision.

There is one other question I should like to put to the minister. In view of the fact that General Partridge is in command of these tremendous forces which are based at Colorado Springs, and in view of the obvious interest of General Partridge and his associates in the defence of the position of the United States, what would happen if United States interests or forces in the Far East were attacked? What would happen, for example, if any trouble broke out between the mainland of China and Formosa and United States forces in Formosa were under attack and General Partridge felt it necessary to dispatch bombers from Colorado Springs?

Mr. Pearkes: General Partridge has no authority whatever outside of the defence of the North American continent. If there is action in Formosa it would not come under General Partridge.

Mr. Pearson: May I put the question this way? What would happen if there was action in Formosa or off Formosa between the United States and the communist regime in China, and as a result of that action in the Far East there were steps taken by the communist regime in China which indicated an air threat to this continent and General Partridge interpreted it as such? Would he then have authority to put the continental air defences into operation, including the Canadian element of his command?

Mr. Pearkes: I am quite certain that would be a point which would have to be covered by political agreement beforehand. The idea of General Partridge's command is for the defence of the North American continent. I suggest that if the North American continent is being attacked by anybody Canada is within that target area. We would have to have defensive measures taken in Canada as well as in the United States.

Mr. Pearson: I quite agree that we have to have these defensive measures, and of course we should take them on a continental basis. All we on this side are seeking to establish is the authority for action of this kind, the political authority. I agree with what the hon. member for Winnipeg North Centre has said. You have to have these political arrangements made in advance. In an emergency there will be no time for calling parliament, perhaps there will be no time for even making a telephone call, as was once suggested. But there are various ways of making these advance political arrangements. We did it one way in the case of NATO, not only by government decision but by parliamentary decision.

The political authority for the integration of the North American air command, it has been clearly established now, was a decision of the government which decision has not been approved or even discussed by parliament. We have nothing to discuss because the political arrangements covering that decision made by the government six months ago are still under negotiation. Until we have an opportunity to consider the results of the negotiation the action that has been taken has no parliamentary backing of any kind; that is obvious.

May I ask the minister, while I am on my feet, two questions. One is, when was the establishment of NORAD reported to NATO and, secondly, is it the intention of the government, when agreement has been reached with the United States on the political arrangements covering this defence organization, to submit that political agreement to the NATO council for discussion with the NATO partners in the hope perhaps that an agreement of this kind could be made an integral part of the NATO organization? Perhaps NORAD could be brought into closer relationship with NATO than seems at present to be the case.

Mr. Pearkes: NATO was informed prior to the publication or prior to the joint announcement made by myself and the defence secretary of the United States. I have not the exact date.

Mr. Pearson: Was it prior to the decision taken by the Canadian government?

Mr. Pearkes: No, it would not be prior to the decision made by the Canadian government but it would be prior to the statement

which was given. As to the second part of the question, that matter of course would have to be discussed with the United States. I could not make any firm commitment. I could only express a personal opinion which it would not be wise for me to express here. It would have to be discussed, as the hon. gentleman knows, with the United States.

Mr. Martin (Essex East): There are one or two questions that I should like to ask. It seems to me that some of the important questions put by the hon. member for Algoma East have not yet been answered. It is true that the hon. member for Algoma East said that the putting of the interrogations themselves likely reveals the answers. He asked two questions in this context. One was this. Do the commanders in question, namely General Partridge and Air Marshal Slemon, derive their authority from a NATO agency? There has been no answer to that question. He also asked this question: does their authority derive only, in so far as Canada is concerned, from an oral expression given by the minister or by the government itself? I think the Minister of National Defence is confronted with the necessity of answering those questions, even though their replies may be self-evident.

There is another question that arises out of a statement made by the Minister of National Defence in answer to a question put by the hon. member for Algoma East. The hon. member for Algoma East asked this question: in the absence of General Partridge, what authority will Air Marshal Slemon be capable of exercising? The Minister of National Defence at once rose and said, "Of course, in the absence of General Partridge, Air Marshal Slemon will have precisely the same authority that General Partridge himself would have".

Mr. Pearkes: That is correct.

Mr. Martin (Essex East): The minister now says, "That is correct". That creates a very serious situation, it seems to me, because of what we are advised by General Partridge himself in the interview which he gave on September 6, and which is contained in the *U.S. News and World Report*. In that article, as I reminded the minister on another occasion in this house, General Partridge said in effect that he had an understanding with the President of the United States to the effect that there likely being no time available in the event of an emergency he was not obligated before acting to receive the informal or formal approval of the President or of the government of the United States. When asked as to the authority of General Partridge vis-à-vis the Canadian government my hon. and gallant friend said that that kind of freedom of action in so far as Canada was concerned did not exist in so far as the NORAD commander was concerned, and that there would have to be consultation with Ottawa. We were never told who in Ottawa must be consulted. We were never told whether that was the Prime Minister, the Minister of National Defence or any combination of ministers of the crown. But in any event the point is that General Partridge, in so far as Canada is concerned, just could not on his own initiative and discretion push the button. I think I correctly state the situation as related by the Minister of National Defence to us some weeks ago.

If that is the case, what is the situation that now flows from the replies of my hon. friend? Air Marshal Slemon, a Canadian officer, No. 2 in command, will have in the United States and over United States air forces authority which he does not possess in Canada over Canadian air force officers and over the particular operation in the event of an emergency. This surely reveals the difficult position in which the minister finds himself and with which I think we all have much sympathy but I think it is largely based upon the character and the nature of the replies which he gave. Surely the situation in Canada with respect to this matter cannot be any different from the situation that prevails in the United States. This must, I would think, be conceived of as the same operation. Any decision taken by General Partridge or, in his absence, by Air Marshal Slemon must in the very nature of things apply to both countries. But it cannot do so, in so far as Canada is concerned, if what the minister said is to be taken as the correct procedural situation. I think the minister owes it to the country, to himself and to parliament to indicate whether or not the functions of General Partridge or, in his absence, of Air Marshal Slemon, are any different as between one country and another.

It surely must mean that General Partridge has in Canada precisely the same authority that he has in the United States. I think the minister also owes it to us to say whether or not the situation is as General Partridge revealed in this interview, namely that there would in all probability be no time for consultation; and if there is not time for consultation, does the minister still take the position that General Partridge, or in his absence, Air Marshal Slemon, must first of all contact someone in Ottawa? Also, as I say, the minister must tell us what particular authority in Ottawa.

All of this adds up to what the hon. member for Algoma East said, namely that these are

matters that require precision of agreement. The minister said that Air Marshal Slemon had gone to the United States and was working out an interim arrangement. He has not yet indicated to us whether, as the result of that interim arrangement leading to some kind of formal agreement between the United States and Canada, that agreement will at some subsequent time be submitted to parliament for approval or ratification. I would think, however, in view of the discussion that has taken place here today and during the course of this present session of parliament this government would not make the mistake even at this date of failing to bring to parliament a treaty or a document which embodies the policy which the government is prepared to recommend to parliament.

The Minister of National Defence said that this was not a matter involving the dispatch of troops overseas. I suppose technically that is correct, although under certain conceivable circumstances it could be the case that men employed in the defence of the country in this particular arrangement might have to leave the shores of Canada. That may or may not be an academic question but that surely is not the issue. When in November of 1940 the then prime minister of Canada submitted the Ogdensburg agreement that set up a joint board for defence between the United States and Canada that was an instrument that had nothing at all to do with the dispatch of troops anywhere, either on this continent or in Europe. But the government of the day took the parliamentary step of submitting to parliament the policy of the government in asking for approval. That is what the hon. member for Algoma East, the hon. member for Winnipeg North Centre and others during the course of this particular discussion have insisted was a necessary thing to do within our parliamentary tradition.

In fact, our parliamentary tradition in Canada goes beyond that. Since 1926 there has grown up the custom, respected by every government, that any matters involving relations of this country, except commercial treaties, whether they include the dispatch of troops overseas or whether they are in the nature of commitments entered into by this country with other nations, should be submitted to parliament. We had a discussion in 1935 as to whether or not, for instance, the imposition of sanctions under the covenant of the League of Nations, if supported by Canada, would require first of all the consent, or the approval rather, of the Canadian parliament. If it is our tradition that this should be done in the case of non-military action such as the sanctions which were contemplated in the case of the Ethiopian-Italian dispute, then surely a matter of the greatest importance such as this, which is perhaps an agreement more important than any other agreement outside the NATO agreement that we have ever had to deal with, should be submitted to the parliament of Canada.

I think one could successfully argue that once a decision has been taken even in interim form—a decision which the Prime Minister said was a decision of the government as a whole—it should have been submitted to parliament. But it was not submitted to parliament. Even to this very day there has been no formal submission of the step taken, and now that the defence forces of the two countries are negotiating an agreement which will later be embodied, presumably as the hon. member for Algoma East has said in a political agreement—and the minister ought, I think, to give us an assurance about that—this surely will be submitted to parliament. Not that parliament objects to the objectives which the government has in mind, because it is elementary to observe that in this thermonuclear age it is essential for our continental defence that there should be the fullest co-operation between Canada and the United States, as the hon. member for Algoma East said. But nevertheless because of all the implications—implications which all of us appreciate without spelling them out—I think it is a desirable safeguard that, first of all, the government should have taken parliament into its confidence. This not having been done, we should at least be given an assurance that once a political document, whether in the form of an exchange of notes or a treaty is prepared, it will be submitted to parliament. The government will have decided its policy and I have no doubt what the result will be, but we will then be in a position to make an examination of all the factors involved.

But I think the minister will want to take this opportunity of acknowledging that the answers which General Partridge made are inconsistent with the replies he himself made a few weeks ago. Either General Partridge is right or the minister is wrong. Both cannot be right. I am sure the minister—and I say this to him knowing his heavy responsibility—must agree that this is the case. I understand that that interview between General Partridge and the interviewer was submitted after the end of June to either the minister, or if not to him, then to the Department of National Defence—I do not know whether I should say for approval. But I think that under the article there is a footnote—an asterisk on the first page—which says that the article, in so far as the Canadian references are concerned, was submitted to the

Department of National Defence in Canada. If this is the case I think the minister owes it to the house and to himself to explain what is obviously, I think, an inconsistency between the two positions.

Mr. Pearkes: Mr. Chairman, I will take this opportunity to reassure the hon. member immediately that when the formal note is ready it will be submitted to parliament. I have made that statement at least twice in this house, as has the Prime Minister, who has also given that assurance.

Regarding this interview to which reference has been made, let me say in the first place that I understand General Partridge was interviewed before he took over the command, before the integrated command was ever established. The second point is that the article was submitted to the R.C.A.F. for security clearance, because there was some references made in it to equipment which was then held by the R.C.A.F., and the United States authorities did not want to publish any information about Canadian equipment without getting clearance. But there was no question of the article being submitted to me; I never saw it until it appeared in print. There was no question of it being submitted to the department for a report on the general statements contained in it. It was submitted only with regard to the classified nature of the equipment of the R.C.A.F.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am sure the minister noted the welcome the committee gave to his statement that any note finally agreed upon would be submitted to the house. He then said that he had made such a statement before. It was my recollection that he did not go that far, and perhaps it was for that reason that the committee was so glad to hear his categorical statement today. As a matter of fact, on a previous occasion when the estimates of the minister's department were being considered, on December 5, as recorded on page 1940 of *Hansard*, I put this question to the minister:

> Is it fair to assume then, in view of the importance of that formal note between the two governments that it will be drawn in such terms—in other words, leaving out the elements of security—so that the note may be tabled here and also tabled in the appropriate place in the United States?

To which the minister replied:

> I would hope that would be the case. I say I would hope, because naturally we are dealing with another government and we would have to get the consent of that government before tabling it. So I say I would hope it would be drawn up in such terms that there would be no doubt that it could be tabled.

Well, the minister has gone one step further today. If I understood him aright he said it would be tabled and that this house would have it. I am sure we welcome that and I hope it will be in such a form that an appropriate motion will be presented to parliament and parliament will have the opportunity to decide for or against this joint defence arrangement. May I say to the minister that in making these arrangements we hope he will bear in mind that there is a difference between an arrangement which provides merely for reports to a body such as NATO and a command which draws its authority from a civilian authority such as NATO.

While I am on my feet may I just spell out briefly what I referred to earlier today by directing the minister's attention to sections 32 and 33 of the National Defence Act. These are the sections I had in mind when I was speaking earlier, under which the governor in council does have authority at any time to place any component, unit or person in the forces on active service. This can be done in Canada or abroad. It can be done by reason of an emergency for the defence of Canada or in consequence of any action undertaken by Canada under the United Nations charter, the North Atlantic treaty or any other similar instrument for collective defence that may be entered into by Canada. However, Mr. Chairman, the point of section 33 of the National Defence Act is that if the government does exercise this authority which it has of putting any Canadian personnel on active service, if parliament is not in session at the time parliament must be called within ten days of that action having been taken. I suppose it is a question of whether or not these personnel at Colorado Springs today are on active service. Does the minister want to comment on that?

Mr. Pearkes: All the regular forces of Canada are on active service. They have never been taken off active service since the Korean war.

Mr. Knowles (Winnipeg North Centre): But, Mr. Chairman, when they were placed on active service for the purpose of the Korean war, if my memory serves me right, the order in council specifically referred to the operations in Korea. From time to time as our service personnel have been placed on active service in Europe under NATO there have been orders in council directly relating to that service. My question is the obvious one. Has there been any order in council providing for these personnel to be on active service at Colorado Springs? If they are not on what is active service now, what would happen if under the direction of General Partridge or Air Marshal Slemon they were put on active service?

These things are routine. We all agree that these are things that may have to be done on the basis of a split-second decision but we urge the minister not to think of them as such routine military measures that he or the government forgets the parliamentary requirements as spelled out in the act under which the minister's department operates.

Mr. McLeod: Mr. Chairman, I should like to say a few words on this at the present time. I believe this is one of the most important acts that has taken place within our Department of National Defence since the time of Korea. From the interest shown by the speakers thus far I think the importance of this subject has been demonstrated to the house and the concern which most of us feel is over the possible surrendering of our sovereign rights or of the civil authority becoming secondary to military authority.

I do not believe that any of us is opposed to co-operation or integration if you want to call it that but we are fearful that co-operation may mean a surrender of our sovereign rights. However I was glad to hear the minister inform us that nothing like this will take place. He assures us that the chiefs of the general staff are reporting directly to him. On the basis of that statement I would assume that he has some knowledge of the progress that is being made. If such is the case I am wondering why a little more of that knowledge is not given to the house.

I must say I have listened to this discussion quite carefully and I do not know a great deal more about this question than I did on December 5 when it was first raised in this house. Surely the minister must have knowledge of some progress that has been made. He must know something about what is going on. I believe it is up to him to report to this parliament whatever accomplishments have occurred.

There was one other statement made by the minister and I do not know if I correctly understood him. I am under the impression he said that a draft note had been prepared by the military authority and had been submitted to Washington. If that is the case I would like to know why a similar action has not taken place so far as Canada is concerned. If this has transpired I think it is a serious matter and something of which we should be made aware.

One other question I have concerns finance. I should like to know what arrangements have been made or are being contemplated for the sharing of the costs of the operation of NORAD?

Mr. Quelch: Mr. Chairman, I have a question I should like to ask the minister. So far the discussion has been about what could be done in the event of enemy bombers coming over but I am interested in knowing what is the situation regarding enemy submarines. How near could they come to the coast of North America before we would be in a position to take action against those submarines? We have been informed that Russia has 500 submarines and in a short space of time will have 1,200. We have also been informed that they are armed with rocket-launching devices so I think most of us would believe that in the event of war Russia would probably use them for the purpose of launching atomic missiles against towns in the United States. At what distance could they be attacked by our planes if they were spotted?

Mr. Pearkes: There is nothing to prevent any vessel coming through the territorial waters which area in general is three miles out. They could not possibly be attacked unless they committed some overt act of war. If a Russian submarine attacked a Canadian vessel then appropriate action could be taken by any Canadian naval vessel or any Canadian aircraft which was in the vicinity but as for merely cruising up to the territorial waters of Canada there is nothing to prevent a vessel of another country doing so.

Mr. Quelch: That is the point that concerns me. The leader of the C.C.F. mentioned the other day that he thought there was reason for Russia to be concerned due to the fact that she had been ringed around by bases of the western allies. Personally I think we are in a far more vulnerable position because we can be ringed around by a series of moving bases, looking upon these submarines as moving bases. I believe General Gruenther suggested that these submarines are equipped with rocket-launching devices and if this is so what is to prevent them at a certain specified time launching an attack on towns all around the American continent?

The minister says we could not take any action against them as long as they were cruising. Does that mean to say that if Russia did decide to make an attack upon this country she could send her submarine fleet out, put them at strategically located points around the continent, and at a given moment fire these rockets at targets on this continent and that we would not be in a position to take action against them until the rockets had been launched? It seems to me that we are in an extremely vulnerable position.

Mr. Pearkes: I will admit that we are in a vulnerable position and that is a threat which

we have to face but as long as there are naval craft of another country cruising off our shores in a peaceful way we certainly cannot take any hostile action against those craft. We are not going to start a war. If they start launching rockets against us then of course we will take immediate action against the submarines. Let me stress the fact that it is the fear of retaliation which we hope will stop the foolhardiness of any country in attacking this continent by any means whatever.

Mr. Cameron: Can the minister tell us a little more about the status of the United States forces under General Partridge's command? As I recall it, he said a short while ago that General Partridge would have no authority whatever to commit the forces under his command to any action except that of defensive action of North America. Does that imply that the forces which the United States are placing under General Partridge and under Air Vice Marshal Slemon are to be under the complete control of a joint political group composed of the United States and Canada in the same way that the forces of NATO are under the NATO political organization, or would it be possible for the United States authority to decide that the forces under General Partridge were to be deployed in some such way as the hon. member for Algoma East suggested a few moments ago? Would that be possible because of the threat of an attack from the Chinese mainland forces on the communist government owing to some action they might have taken on Formosa? The point I want to get clear in my mind is this. Are the forces under this joint command going to be relinquished from purely national control and placed under the control of a political organization set up by Canada and the United States in the same way that NATO forces are under the NATO council?

Mr. Pearkes: General Partridge has operational control over the United States air forces allocated for the defence of the North American continent and operational control over the Canadian air forces allocated for the control of the North American continent. I sometimes wonder whether there is not some confusion amongst hon. members in believing that there is some relation between the strategic air command of the United States, which is a force of retaliation, and General Partridge's command. They are two entirely separate commands. General Partridge's command is purely a defence command of the North American continent. He has no offensive role whatsoever.

Mr. Cameron: No—

Mr. Pearkes: No offensive role.

[Mr. Pearkes.]

Mr. Cameron: Mr. Chairman, it hinges, of course, on the definition that is given to the term "defensive". It might very well be that in the opinion of the strategists at the time the North American continent could only be defended in a certain instance by operations outside North America, and that is the point that we want to get clear and that, incidentally, is the point that this parliament should have clear and it would have it clear if this government had followed the normal procedure of presenting to this house a clearly outlined treaty which would outline and define the terms used. That has not been done, and so far we have only the suggestion of the minister that we shall have tabled in this house the notes which have been exchanged between the two governments. We do not know whether those notes are going to define clearly to us just what is considered to be defensive action, preventive action, if you like, for the defence of North America. I think we should have that clearly in our minds because otherwise we may find our forces involved in operations which the Canadian people and the Canadian parliament will not be prepared to consider as legitimate defensive action.

Mr. Henderson: I understood the minister's announced policy to be that the reserve training such as weekend flying, air force training of reserve officer flyers, is to be discontinued. Is that correct?

Mr. Pearkes: No, that is not correct. Some time before this government came into power difficulties were experienced in fitting the role of the auxiliary forces of the R.C.A.F. into a fighter role. It was thought before the jet aircraft age came in that they could have been utilized to supplement the fighter squadrons of the R.C.A.F. Experience is showing that that cannot be done, and more emphasis is being placed on the role of search and rescue and on transport which is being allotted to the various auxiliary squadrons. It is not intended in any way to disband the auxiliary squadrons of the R.C.A.F., but there will be some change of role.

Mr. Henderson: Has their flying time or their training time in that role been reduced?

Mr. Pearkes: I do not think there has been any reduction in training time but it may be that they will have to adjust their type of training to the new role. I would like to say that many of the auxiliary squadrons are doing extremely valuable work in connection with the "Pinetree" line. Personnel have gone there and are capable of relieving regular personnel for quite long periods, and that seems to be a very suitable role indeed for the auxiliary squadrons.

Mr. Henderson: I mention this because I listened to the minister's reply this morning to the hon. member for Nanaimo about our dependence for the defence of Canada upon the United States air force. I notice that of late the United States forces, particularly the air force division, are advertising more and more the type of training that we give here. They are suggesting that retired airmen should take time at weekends to take this sort of training in the new planes. It is encouraging them. I wondered whether that would have any effect upon the minister's policy in Canada?

Will the minister do the same with this division of the service as he has done with the others and give us the figures of short spending for the years 1956 and 1957, and tell us whether the estimates are in line with his expenditures for the years 1957 and 1958?

Mr. Pearkes: Here are the figures for 1956-57. The estimate was $774,862,536. The amount spent was $774,953,444; in other words, there was an overexpenditure of $80,908. This year the estimate was $784,-173,000, of which it is now estimated $783,742,000 will be spent, which indicates an underexpenditure of $431,000 which is about as close estimating in both cases as I think it is humanly possible to get.

Mr. Henderson: Can the minister also tell us something about the deferments or the cancellations of contracts in the two categories, one, the building construction program and the other, supply contracts?

Mr. Pearkes: Under acquisition and construction of buildings, acquisition of lands, etc., there is an estimated saving of $5 million.

Mr. Henderson: Is this cancellation or deferment?

Mr. Pearkes: It includes both.

Mr. Henderson: Can the minister apportion the $5 million between cancellation and deferment?

Mr. Pearkes: I do not have the figure broken down in those categories.

Mr. Henderson: What about supplies?

Mr. Pearkes: With respect to aircraft, engines, and equipment there is a reduction of $20 million. A good deal of that has resulted from the cancellation of the Mark VI, CF-100.

Mr. Nicholson: Apparently the item we are now discussing is going to go through very shortly. I am sure there are very few men in public life who will get $2 million a day for seven days a week and 52 weeks in the year through parliament with as little trouble as the minister. Something over $784 million will be voted very shortly. I should like to ask a few questions about the mid-Canada line. Would the minister indicate what responsibility he now has for the mid-Canada line? Does he have any figures as to the total cost of the line? Could he also indicate what share of the cost is carried by the R.C.A.F. and what is non-R.C.A.F.?

I may say there are a couple of establishments in my constituency. During the recess I was somewhat embarrassed to find that it was very difficult for a member of parliament to see what was going on in his own constituency. During world war II the pass issued to all members of parliament by the Clerk of the house usually made it quite easy to see high ranking officers of the army, air force and navy anywhere in Canada. I was somewhat surprised to find that very strict regulations had been issued stating who could enter the premises but that there was no reference to members of parliament. I should say that I was not placed in the position of being turned away but it was a bit embarrassing for the officers in charge to find a member of parliament seeking to see something in his own constituency without having the proper credentials.

First of all, would the minister give me the information as to the total investment in the mid-Canada line? Then I should like to know the annual cost to the R.C.A.F. Would he also have orders issued that members of the Canadian parliament are to be included as persons who can visit any R.C.A.F. establishment anywhere in Canada?

Mr. Pearkes: The total cost of construction of the mid-Canada line to date is $112 million. The total cost to date is $215 million.

Mr. Nicholson: Would the minister give those two figures again?

Mr. Pearkes: The total cost of construction to date is approximately $112 million. The total cost is $215 million. It costs approximately $18 million a year to operate the line. As to the hon. member's other question, I think it would be desirable if members of parliament who wish to visit the mid-Canada line, which after all is in a rather remote part of the country, would ask for permission to make such visits. I am quite certain it would be granted readily, but rather than giving a general clearance I think it would be better from the point of view of security reasons for the air force to know who is going to visit.

Mr. Nicholson: I am sorry but I cannot agree with the minister.

An hon. Member: You cannot agree with anybody.

Mr. Nicholson: If during world war II it was taken for granted that members of the

Canadian parliament should be encouraged to visit army, air force and navy establishments anywhere in Canada and the identification card issued by the Clerk of the house was considered as adequate, I see no reason why in peacetime a member elected by the people cannot go anywhere in his own constituency without submitting a request to the Minister of National Defence for a special dispensation. I submit that the minister should review this matter and have instructions issued authorizing all establishments in Canada to permit members of the Canadian parliament to visit them without any embarrassing questions being asked as to what their business is and why they should be making visits in their own constituency in connection with their own legitimate business.

Mr. Stick: Mr. Chairman, I do not want to delay the estimates but before I go on to the subject I want to discuss may I say to the minister that I appreciate his co-operation very much in connection with the submarine menace about which I spoke some time ago in parliament. The minister has been most kind and co-operative and I should like him and the house to know that I appreciate his co-operation.

To get back to the command of the North American continent, I mentioned before that we in Newfoundland are in a rather different position from the rest of Canada in that we have United States forces stationed on our soil, including United States air force personnel in goodly numbers. We know that we are dependent on them very largely for our defence.

Having regard to the discussion so far and the information the minister has been kind enough to give us, I think there is a bit of confusion in the minds of some of us, certainly in my mind. I am not concerned now with the political aspect of the North American command although I agree that the military should be subservient to the civil. But I am not clear in my mind yet and I am afraid that we may have a second edition of Pearl Harbour. Those of us who have read the report of what happened there know that at that time the United States commander was in a state of uncertainty with respect to where his authority began and where it ended. The consequence was that he hesitated to take command and to set forces in motion to offset the raid by the Japanese aircraft.

I am afraid that unless the command difficulty is settled once and for all so that we will know who is to give orders without consultations with anybody we may find ourselves, particularly in Newfoundland, involved in a second Pearl Harbour. I am not concerned who commands the air force, whether it is a United States general or a Canadian air marshal. We all agree that co-operation should exist from the highest to the lowest level if we are to have full co-ordination. I do not know yet whether General Partridge's appointment has been confirmed by the Canadian government or whether Air Marshal Slemon's appointment has been confirmed by the United States government, but I do know that the United States and Canada are in this thing together and we cannot be successful unless we have the fullest co-operation.

As I said a moment ago we have the United States air force in goodly numbers in Newfoundland. I want to be assured that General Partridge, or Air Marshal Slemon, whoever it may be, if an act of aggression is committed against our shores, either from submarines or from the air, will have full authority to take counter action immediately without any consultation whatever with this government or the United States government. I think that is necessary, that is vital if we are to have the protection which our people deserve. It is believed by military strategists and military tacticians that if an attack does come—God forbid that it should—it is going to come suddenly, without any warning. There will be no time for consultation with Ottawa or Washington. I trust that whoever is in command will have full authority to act immediately. Naturally he will have to tell the two governments what he has done, but whoever he may be he should have full authority to act immediately without any prior consultation.

I do ask the minister if he could, and if he would, assure me on this point. He has given me several answers before, but I do not think the answer is clear as to who has full authority to act at the moment. It may be that in this exchange of notes about which the minister has been speaking this afternoon, and which no doubt will be followed by a formal agreement between the two governments, this matter will be ironed out. But until that has happened, and until it is approved by both the United States and the Canadian government, I do believe these commanders should have that authority now. I do ask the minister if he has any comment to make upon it, and if he can give me that assurance.

Mr. Pearkes: I should like to assure the hon. member that the United States squadrons now based in Newfoundland are under the operation control of the Canadian air defence commander at St. Hubert, and that he has authority at once to engage, according to the accepted terms of engagement, any

hostile plane which is approaching Newfoundland, without reference any further because the terms of the agreement have already been accepted.

Mr. Stick: I should like to thank the minister for that explanation. It is information we have been trying to get for some time. If the arrangements are now made and that can happen I think that should satisfy our people. I thank him for the information.

Mr. Haidasz: I should like the minister to give us some details about item 22, page 344, concerning an expenditure of $1,754,000. I should like to ask him also whether in the case of the item for the air force this money was designated for the recreational branch of the Royal Canadian Air Force. An article written in the Ottawa *Journal* of Friday, October 25, suggests that the Royal Canadian Air Force recreational branch will receive a chop by national defence department.

Mr. Pearkes: The answer to the last question is that we recognize the importance of recreational facilities in the maintenance of morale of all the forces, perhaps particularly the R.C.A.F. in these northern stations where there are not the usual means for recreation. For instance, on the "Pinetree" line there are bowling alleys established at the stations. In some cases they have swimming pools, and every reasonable facility is given for recreation.

In so far as the question about the other items which appear at the bottom of page 344 is concerned, they cover the same sort of items as were covered by the other items for the army, such as laundry, grants to the band, physical fitness equipment and so on. There is an amount there of $127,000, giving an indication of the extent to which we are encouraging recreation. I notice that it is expected that amount will be overspent by $16,400 compared to 1956-57, which would certainly give an indication that we are encouraging recreation. There is another item for entertainment expenses. As I have already pointed out, in these northern areas we believe it is important to encourage that sort of thing. The item for this year was $18,500, and we expect that to be overspent to the extent of $2,000.

Mr. Caron: I should like to ask the minister whether or not it is true that after a man has served for 18 or 19 years in the air force, and he reaches the age of 50 he is told to take his pension or accept a reduction in rank? If he takes his pension, his pension will be much lower, and of course it is against the man's pride to accept a reduction in rank.

Mr. Pearkes: That certainly is not a general condition which exists, and if the hon. member has some particular instance in mind and would let me know of the case I will have it looked into and let him know exactly the reasons.

Mr. Caron: This was brought to my attention a little while ago, and I said I would bring it to the minister's attention. This man told me he was told that if any politics entered into it it would be worse for his case. It was for this reason I did not write the minister.

Mr. Pearkes: If the hon. member will let me know the details of that particular case I will certainly have it looked into. I can assure him that his friend or the person on behalf of whom he is speaking will suffer no adverse effects because he has spoken to his member and asked his member to mention the case.

Mr. Caron: I will do that, but I want to tell the minister that the man was told the order came from Ottawa.

Mr. Argue: Mr. Chairman, all members realize the estimates we are discussing are very large indeed. I imagine that no matter what the point of view we would hope these estimates in the future might be reduced. I am rather disturbed about a report in this evening's Ottawa *Journal*, a statement said to have been made by the parliamentary assistant to the Minister of National Defence, the hon. member for Edmonton West. I think the committee is entitled to know whether in making this statement he is in fact stating government policy or what government policy is likely to be. This is a Canadian Press dispatch from Calgary, dated January 4, and it reads:

> The parliamentary assistant to Defence Minister Pearkes said last night Canada may have to increase its defence expenditures beyond the 1957 budget of $1,750,000,000.

He is talking about the major changes that may be forthcoming, and he goes on to say, and this is in quotation marks:

> "Today it is tremendous; tomorrow it may even be greater. We are going to face increased responsibilities and must reorientate our thoughts."

In plain English that would suggest to me that the parliamentary assistant is saying that we are going to be asked to pass larger estimates for national defence in the coming fiscal year. I hope that the Minister of National Defence may be able to say that the expression of his parliamentary assistant is not correct as reported in the newspaper. We know that sometimes the reports in the press are not wholly accurate. I hope he is able to assure the committee that when the estimates are brought down for the new

fiscal year in the matter of a short time they will not in fact contain substantial increases. We in this group feel that the estimates for national defence in the future should be reduced and that there are other ways by which the government can spend money to provide defence in a more secure manner than by continuing to spend the very large sum of $1¾ billion as a rather fixed amount for an indefinite period.

I think it would be an act of faith on the part of Canada if, in the coming fiscal year, we reduced the amount of money we are voting for national defence and used the resources of this country in other ways to assist people in underdeveloped countries and so on. However, I think the committee has a right to know whether or not the parliamentary assistant in fact is stating the government policy when he says that Canada may have to increase its defence expenditure in the coming year and then spells this statement out by referring to the increased responsibilities and so on.

Mr. Pearkes: I have not seen the article in question nor have I heard the remarks made by my parliamentary assistant who, I believe, is in Alberta today. Furthermore, as I stated earlier in this discussion, I cannot discuss next year's estimates while we are still considering the estimates of 1957.

Mr. Argue: With great respect to the minister, may I say that I do not think the statement that he has now made is an adequate one. Surely, in discussing the defence estimates for any given fiscal year, it is fair to ask what the government's continuing policy in this field is going to be. With the new fiscal year coming along in less than three months and with his parliamentary assistant being credited with making statements of government policy outside the house, I think the committee has a right to know whether those statements, as attributed to him in the press, are a correct statement of government policy. Of course the minister was not there. I am not asking the minister to say whether or not the parliamentary assistant in fact made those statements. But surely, when they appear in the press, it is fair to ask whether the statements as reported in the press are in fact a statement of the minister's own position and that of the government.

The Acting Chairman (Mr. Chown): Shall the Royal Canadian Air Force item carry?

Mr. Argue: Since the minister is not talking on this question we will have a chance to find out in the future whether the parliamentary assistant has been more appropriately speaking for the government at the political convention in Calgary than has the minister himself. I want to refer to another question. The matter of whether the continuing policy to produce substantial quantities of CF-105's is a correct one is, of course, rather controversial. But I should like to know from the minister what amount of money has already been spent in the development of the CF-105 and what commitment the government has made by way of policy that will result in future expenditures for the development of the CF-105.

Mr. Pearkes: The CF-105 is being developed as a supersonic interceptor. The start was made on this aircraft some few years ago and this year we decided to continue for one year or more the development of this aircraft. We are not committed any further than to continue the development for another year, with the right even then of discontinuing that development should the circumstances warrant taking such a step. I am told that the total amount spent so far on the development of this aircraft is $89,000,641.

Mr. Argue: Over what period of time?

Mr. Pearkes: This is up to the end of October, 1957 from the time when the initial research work started, which was two or three years ago.

Mr. Nicholson: I wonder whether the minister could indicate what will be the total cost by the time it is off the line?

Mr. Pearkes: It will depend entirely on the number of aircraft, if any, which are ordered. I will frankly admit there is a very heavy expenditure in developing this particular type of aircraft. The demand at the present time is not large, as no other country is at present ordering this aircraft. We must develop it for ourselves, and the expense is heavy.

Mr. Argue: Can the minister say when the one-year period ends for which the development has been continued?

Mr. Pearkes: I think it was the first of October of this year.

Mr. Argue: Can the minister say what are the likely expenses that will be incurred during this further one-year period? The expense has been some $89 million up to now.

Mr. Pearkes: The whole situation will have to be reviewed in the light of the threat that there is of manned bombers. This is an aircraft designed to meet manned bombers. We know that Russia has considerable numbers of manned bombers capable of flying over this country. While the manned bomber, flying at great heights and

at great speeds, is in the armament of a possible enemy, we must keep aircraft which are capable of meeting that threat. But as the bomber threat may decrease and the missile threat may become more definite the whole situation has to be reviewed. One of the difficulties is that we are not looking at the situation which will occur just a year hence, we must try to pierce the future for five years hence.

Mr. Argue: The minister has already informed the committee that the cost of development up to October 1, 1957, was some $89 million and that the program is being continued for another period of 12 months. Is the minister able to estimate the cost of continuing the program for the one-year period which I take it is from October 1, 1957 to October 1, 1958?

Mr. Pearkes: No, I have not a detailed estimate of that cost at all.

Mr. Nicholson: I think the minister's predecessor was able to give us some estimate a year ago. It is hard to understand why the minister now is not able to give the committee at least as much information as his predecessor gave. Surely before embarking on a program of this sort the government would want to have some idea as to what the target was going to be. Surely the minister can say something more than that the government has spent $89 million up to October of this year. Can the minister not say what the estimated cost to the treasury will be of completing the job undertaken?

Mr. Pearkes: The figures for next year will be included in next year's estimates.

Mr. Nicholson: But, Mr. Chairman, a year ago the minister's predecessor was able to give the committee some information. I have not got the figures before me, but it is hard to understand why the present minister is not able to give us as much information as we were able to have a year ago regarding what the total cost was going to be. I think he could bring this estimate up to date if he wishes to co-operate with the committee.

Mr. Pearkes: Up to November 30 the money which has already been spent on air frame development amounted to $11,038,376; on the Iroquois engine development, $7,951,487; and on the electronic development, $4,355,480. That is the total development for the year, $23,345,343.

Mr. Nicholson: That is helpful. The minister has the information up to the end of November. Surely he could make a forecast for the balance of the year. If this amount has been increased by $20 million for this period, surely some estimate has been made as to what will be the total amount involved for the rest of the 12-month period. Could the minister not give us that information?

Mr. Pearkes: I would have to get that information; the officials have not got it here.

Mr. Argue: Can the minister inform the committee how many CF-105 planes the department expects to have in the air at the end of this further continuing period of development? Will there be just a prototype, or will there be a number of planes in the air? How many do we expect to have after spending $89 million plus part of another $23 million plus an agreement on an undertaking to provide money for a further one-year period of development?

Mr. Pearkes: There are eight of the prototype planes being developed but all those eight will not be in the air by the end of this year.

The Acting Chairman (Mr. Chown): If the committee is agreeable we will now consider the item on page 346, defence research and development.

Mr. Barnett: Mr. Chairman, I did not realize the subject of air cadets or search and rescue was included under the title we have just been dealing with. I did not have any questions to ask under the heading of air cadets but I do have questions to ask under the heading of search and rescue.

The Acting Chairman (Mr. Chown): Is it agreed that the hon. member may ask the questions he desires to ask?

Some hon. Members: Agreed.

Mr. Barnett: As the minister probably realizes, this is a question in which I have taken some little interest when the estimates of his department have been before the committee in previous years, and I was hoping the minister would be able to give us a brief resume of the development which has taken place in this field since he assumed office and tell the committee what he may have in mind for the revision or expansion of the work this branch of the service does. Has the minister any statement he can make to the committee?

Mr. Pearkes: There has been some reorganization in the air rescue and search command. There has been a concentration of resources at certain centres, and I think this has improved general efficiency. I know the hon. member is particularly interested in the west coast. The command there has carried out very active operations during the year, and in a number of instances it has rendered very valuable aid. There is another

centre at Winnipeg from which the northern part of Canada is patrolled, and rescue teams are sent out as required. Canada generally is divided into four or five air rescue commands with a central organization where aircraft are available for these operations.

Mr. Barnett: As the minister says, the only centre of which I have any direct knowledge is that on the west coast, and I certainly agree with him that search and rescue units have been active there. I noticed that only a few days ago they were called out to look for a missing fishing vessel off the northeast coast of Vancouver island.

I see that the particular estimate under the heading of search and rescue appears to provide only for what I understand to be the operating account of search and rescue units. Do I take it that the equipment which they use comes under the general vote for procurement of equipment? Under the air force vote on the preceding page I notice an item "Procurement of equipment including aircraft and engines" and so on but there is no similar heading under search and rescue. I am wondering what arrangements exist for the provision of new aircraft for the search and rescue organization when required.

Mr. Pearkes: New aircraft, or any new equipment required, are procured under the general account of the air force. I may say that consideration is now being given to the advisability of replacing some of the Cansos which have carried out this operation successfully for a great many years.

Mr. Barnett: Do I understand that Cansos are to be replaced with a new type of plane, or are the Canso planes to be renewed?

Mr. Pearkes: The best type of new equipment for the search and rescue squadrons is a matter now under consideration, but there have been no new aircraft provided for in the estimates of this year.

Mr. Barnett: I wonder if the minister could tell us what the situation is with respect to helicopters attached to the search and rescue units on the Pacific coast at the present time. How many of those are available for search and rescue work?

Mr. Pearkes: I speak from recollection, but I think there are two on the west coast, and when additional helicopters are required they have to be hired from civilian firms.

Mr. Barnett: The minister may recall that last year his colleague the Minister of Transport announced that a new marine agency vessel under construction for the Prince Rupert agency was being fitted with a helicopter landing deck. I wonder if there will be a helicopter under the jurisdiction of the Department of Transport attached to that vessel? Is this helicopter landing deck being provided for use by the search and rescue unit.

Mr. Pearkes: I am not sure about that. The Minister of Transport is going to make an announcement in the house early next week, I believe, about some new vessels of that type and perhaps he could answer that question.

Mr. Barnett: There is one other matter in connection with the search and rescue situation which I would like to put before the committee before this item carries. As the minister will recall, he and I have had some discussion about the situation with reference to the R.C.A.F. establishment at Tofino. Recently there came to my attention a suggestion that it might be to the general advantage of the search and rescue situation on the west coast if consideration were given by the minister's department to the establishment of a sub-base of the search and rescue section at Tofino. I understand there are some negotiations going on between his department and the Department of Transport in respect to the future of the Tofino airport. As the minister knows, the whole situation there is a matter of considerable concern to the west coast communities.

The idea of the need for units of search and rescue on the west coast of Vancouver island is not really a new one. I have had suggestions made to me before that there are occasions when rescue services may be required on the west coast when the sea island base may be fogged in and there might be a good many occasions when equipment based on the west coast would be fog free when such would not be the case at the existing establishment. I wonder if the minister can give any indication at the present time as to whether he might be prepared to give favourable consideration to the establishment of a search and rescue unit at the Tofino station.

Mr. Pearkes: We will be very pleased to give it consideration but I cannot guarantee that it will be favourable consideration to the establishment of a substation at Tofino. I know the Tofino airfield very well and I am not at all sure that that would be the best locality for a substation.

Mr. Barnett: I realize that there are many technical considerations involved in the question but I hope the minister will look into the matter further and I am glad to have his assurance that he will do so.

Mr. Pearkes: I shall do so.

Mr. Barnett: In that connection there recently came to my hand a communication arising out of the last annual meeting of the

Prince Rupert fishermen's co-operative association. Apparently quite a number of their representatives, particularly those who live along the west coast of Vancouver island, are somewhat concerned over the possibility that with the change that is being made at Tofino the radio beacon on which they have apparently come to rely a great deal will no longer be operative. In view of the change that has taken place in the responsibility of his department in that area I realize that the minister may not be in a position to give me an answer to this quesiton but if he has any information as to whether or not it is planned to have the service of this radio beacon continued either under the auspices of his department or under other auspices I would be very glad to have that information at this time.

Mr. Pearkes: The area originally covered by the radio at Tofino is now covered by two larger stations, one at Holberg on the north of Vancouver island and the other in the state of Washington which made the necessity of maintaining the station at Tofino for defence purposes unnecessary, but Tofino airport is being transferred to the Department of Transport and I believe they will be making arrangements for the maintenance of that field in a rather less active state than has been the case in the past.

Mr. Barnett: I take it from what the minister said that the matter of the maintenance of this radio beacon is something that could be properly taken up with the Department of Transport?

Mr. Pearkes: That would be maintained, if maintained, by the Department of Transport.

Mr. Barnett: The case for its maintenance for the fishing fleet is something that could be presented to the Department of Transport?

Mr. Pearkes: Yes.

The Acting Chairman (Mr. Chown): Shall the Royal Canadian Air Force item a carry?

Some hon. Members: Carried.

The Acting Chairman (Mr. Chown): Defence research and development, page 346.

Mr. Henderson: Under this item, Mr. Chairman, I might say to the minister and I am sure he will agree that in this particular year due to the great scientific advances made by countries probably not too friendly toward us, and I refer specifically to sputnik, the other earth satellites and advances in research, I wonder if the minister would like to make a statement today about what Canada is doing in respect of defence research and development in order to cope with the eventuality of nuclear weapons, ICBM's and others.

Mr. Pearkes: Yes. Canada is concentrating on certain aspects of research and development, one of the main efforts being that connected with the location and detection of submarines, research in various branches of the detection of submarine craft and an extensive laboratory is maintained at Halifax for that purpose. There is another laboratory maintained at Esquimalt for the study of the detection of underwater noises and so forth. That is one of the main fields of endeavour. Another field of endeavour is that of the study of the effect of the auroral zone on missiles or other objects entering into that area.

Recently an agreement was made with the United States that we would establish a research station to be manned mainly by scientists from the University of Saskatchewan to operate certain equipment which is being given to Canada by the United States. There are, of course, a number of other research stations throughout the country. There is an important research station at Suffield in Alberta where bacteriological research is carried out as well as research on chemical warfare. There is another important station located at Shirley's Bay where radio propagation experiments are conducted. We have close association with the scientists of the United States and the United Kingdom. Within the last month there was a large gathering held here in the city of Ottawa. A symposium of scientists from all over the world who are interested in defence research was held and some 800 scientists attended those discussions.

A leading scientist from the United Kingdom, who is the director of missile research in connection with the British government, gave the main speech and introduced the subject.

I think I can say that our efforts are concentrated on perhaps a rather limited number of fields in which we are particularly well equipped to carry out research work. Of course, I must mention the research station at Churchill where there is an intensive study being carried on, and which is watched by the United States and the United Kingdom, into the effect of cold weather on personnel, on transport vehicles and on armament, including missiles, which the United States has there to test in order to see the effect of subzero temperatures.

Mr. Henderson: Were the expenditures less than those anticipated; that is, less than the ones mentioned on page 347, and will there be larger expenditures in the year 1957-58?

Mr. Pearkes: The expenditures budgeted for last year amounted to $79,032,389, of which $69,322,982 was actually spent; that is to say, $9,709,407 was underspent. This year we

appreciate the importance of concentrating on research work and while the original estimate was $64,796,000 it is anticipated that $77,325,000 will be spent, which will be an overexpenditure of $12,549,000. I think that reflects the degree of importance which we are now placing on this research work in view of the developments which have taken place in the world during the last six months.

Mr. Nicholson: I am very glad to hear the statement by the minister. Before the election very extravagant claims were made as to the savings that could be effected, but when it comes down to the day-to-day decisions that must be made, instead of reducing anticipated expenditures planned by the previous government the minister has spent a good deal more. I wonder whether he can add to the statement made by the Prime Minister on his return from Paris, as reported at page 2723 of *Hansard* of December 21. This is what the Prime Minister said:

> In connection with scientific and technical matters within the alliance there was a general recognition of the need to increase the number of trained scientists and technicians in most of the countries. In Canada, as elsewhere, progress in this field will depend not only on the state contribution but also on the devoted contribution of teachers and scientists in our schools and universities. It will also depend on the support which governments will give to institutions which provide courses in scientific subjects, and this government intends shortly to give full reconsideration to its policy in this regard and have it placed before parliament.

Hon. members who heard Mr. James Duncan, president of the Massey-Harris Company, following his return from Russia, were impressed I am sure by his statement that in the U.S.S.R. they are turning out more scientists and engineers than the United States, Great Britain, Canada and many of the other western countries put together. Mr. Duncan said that those who think that our scientists are better trained had better review their thinking. He claimed that Russian engineers spent more years in the laboratory than Canadian engineers did. I think that when the minister is spending $5 million a day on defence it does not make sense to expect the municipalities, because of their very critical financial position, or the provinces, who have not the resources available, to be able to meet the challenge. Because of the paragraph in the Prime Minister's speech that I have read can the minister indicate that his department is prepared to give more concrete assistance in the training of scientists so that the Department of National Defence will have coming up in the high schools and universities more young Canadians who will be prepared to take their places in the scheme of things, in the light of the very critical international situation?

[Mr. Pearkes.]

Mr. Pearkes: In these estimates there is the amount of $1,100,000 for grants to universities. Those grants to universities are for university professors and others who are carrying out special research work. I feel sure that as far as this department is concerned, which of course is not a department primarily responsible for education, every encouragement will be given both now and in the future to further development work along those lines. Then, of course, at the service colleges emphasis is placed on the scientific and engineering aspects of the education of those cadets.

Mr. Haidasz: Last November Dr. Patterson, of the Downsview Aerophysics Institute in Toronto, expressed great apprehension during an interview with a reporter from the Toronto *Star* that further financial aid to his institute would not be forthcoming. Can the minister tell us whether the Downsview Aerophysics Institute will continue to operate and, if so, will it get more money than it got last year?

Mr. Pearkes: I am not forecasting next year's estimates. As I have said several times, there is no intention to cut grants to the universities. There seems to be a misapprehension somehow that there is going to be a reduction in grants to universities for this type of research work. That is not the fact.

The Acting Chairman (Mr. Chown): We now come to Mutual Aid. Shall this item carry?

Mr. Quelch: Can the minister tell us to what countries this aid was given?

Mr. Pearkes: The aid has been given to a number of NATO countries. The last instance took place about a month ago when five small naval vessels were given to Turkey. There are five more to go and four frigates. They were the minesweeper class of vessel. Turkish crews came on. Belgium has received aid; Greece has received aid. The policy is, as far as the department is concerned, to declare such equipment as is surplus to NATO and then NATO assigns the particular materials, arms, ships or vehicles, to the different countries. Canada does not allocate direct to any particular NATO country any particular arms. It is done through the NATO organization which says where the surplus equipment will be sent.

Mr. Quelch: Is this limited entirely to NATO?

Mr. Pearkes: It is limited entirely to NATO countries.

Mr. Low: Just how do you decide what Canada is going to supply? Is it on requisition from NATO headquarters?

Mr. Pearkes: No. We advise NATO of what equipment we have available. Sometimes requests come asking if we have certain types of equipment available but generally speaking we notify NATO headquarters of what equipment we have available and are prepared to dispose of. There is a very big demand for Canadian equipment.

Mr. Johnston (Bow River): What type of equipment do you declare to be surplus and what causes the equipment to become surplus? Is it because the equipment becomes obsolete and is of no further use to us or is it the case that we produce more of certain equipment than we can use thus creating a surplus involving over-spending?

Mr. Pearkes: It is equipment which we are prepared to make available. I referred to the coastal escort vessels which recently went to Turkey. They were vessels which we did not require particularly for our coastal patrol work now as we have replaced them with a superior type of naval craft such as the St. Laurent type of destroyer escort. Therefore we have been able to make these vessels available. They are of use in the rather narrow waters along the Turkish coast and the Turkish navy was delighted to have the opportunity to acquire them.

We have also made certain aircraft available which we did not need any longer in Canada for our particular conditions here because they were replaced by such aircraft as the CF-100. On the other hand, they would be very suitable to other NATO countries where distances are not so great and climatic conditions are different. We have also made available quite a quantity of vehicles of various types. I have a list here of some of the types of aircraft. We made 200 Harvard aircraft available together with spare parts. We made available 25 T-33 trainers with a good many spare parts.

We were fortunate in arranging a deal with the government of Belgium whereby they took some CF-100's and we also made spare parts available. Certain guns have been made available and certain air force clothing and that sort of thing. There is a whole host of articles which these other countries are delighted to receive and to utilize in their armed forces, thereby increasing the general deterrent.

Mr. Johnston (Bow River): Then actually it is material which has become obsolete for our purpose but might be useful to them?

Mr. Pearkes: Yes. I am not quite certain that "obsolete" is the right word. I would say it is material that we are able to make available.

The Acting Chairman (Mr. Chown): I take it that completes the details under resolution No. 240.

Mr. Henderson: Mr. Chairman, I think there is a supplementary appropriation for the United Nations emergency force. A blank was left for the amount for 1957-1958. Perhaps the minister would like to fill that in. It is at the bottom of page 347.

Mr. Pearkes: That is UNEF. That was voted last November.

Mr. Henderson: Is there no estimate for 1957-58?

Mr. Pearkes: There is nothing in it for this year. There is no item in the present estimates for that. That was a year ago.

Mr. Marler: I should like to ask the minister where the money is coming from if there is no appropriation.

Mr. Pearkes: It comes out of pay and allowances for the troops who are employed in the United Nations force.

Mr. Marler: I am afraid that is merely repeating the question I have asked. What item includes the pay and allowances for the Canadian contribution to UNEF?

Mr. Pearkes: There was a supplementary appropriation in the 1956-57 estimates. Nothing is included in the estimates we are now discussing. There is no item for 1957-58.

Mr. Marler: Mr. Chairman, the point I was trying to elicit was this. As I see the situation, last year $1 was voted for 1956-57. Inasmuch as UNEF is still in being and the men are still serving where is the item which includes their pay and allowances?

Mr. Pearkes: That would be under the army estimates; it is included in the army estimates.

Mr. Marler: Under a preceding item we have already dealt with.

Mr. Pearkes: I am sorry. I was not clear about the question.

Mr. Henderson: Are there other expenses besides pay and allowances?

Mr. Pearkes: Yes, there are other expenditures. There is transportation, food and that sort of thing. They are all absorbed in the army vote.

Mr. Knowles (Winnipeg North Centre): Is it not the case that the item of $1 which was passed in the previous fiscal year was merely a form of legislation? It was authority to

spend some of the money already included in the estimates in support of the troops assigned to UNEF.

Mr. Pearkes: That is correct.

Mr. Pickersgill: I congratulate the minister on his new parliamentary assistant. At least he is in the house.

Mr. Knowles (Winnipeg North Centre): I was surprised that my hon. friends of the former cabinet, who put the item through, did not realize its significance.

Mr. Marler: I would say we got an assist from the hon. member for Winnipeg North Centre.

Item agreed to.

Pensions and other benefits—

243. Civil pension, as detailed in the estimates, $2,457.

Mr. Knowles (Winnipeg North Centre): Would the minister say a word about the pensions covered by this item? Could he tell us why they are covered by this particular item and in particular can he explain why the amounts are so small in some cases? We are being asked to vote pensions in some instances of $193, $420, $200 and so on which I take it are for a year.

Mr. Pearkes: These are all special cases. There is the pension award to the widow of a former minister of national defence which has been carired on for a number of years.

Mr. Knowles (Winnipeg North Centre): The case of Mrs. Rogers is a statutory item but what we have before us now is item 243.

Mr. Pearkes: The other items are small pensions paid to three men and two women. There is one pension paid to Mr. Robert A. Allen who was employed as a civilian truck driver and suffered an accident which resulted in an injury to an ankle joint. A pension of $269 per annum was authorized in 1918, and has been included in the annual estimates ever since.

Mr. Knowles (Winnipeg North Centre): How much did the minister say it was?

Mr. Pearkes: The information here is that the pension is $269.52 per annum.

Mr. Knowles (Winnipeg North Centre): In the details in the back of the book it is listed as $193.

Mr. Pearkes: I am sorry; it was originally that amount and has now been reduced to $193.

Mr. Knowles (Winnipeg North Centre): There has been a bit of inflation since that time. Surely the pension should have gone the other way.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Pearkes: The pension was reduced in 1946 and has been at that lower amount ever since. It is possible that the man may be overcoming his injury. It was an injury to his ankle, and perhaps he is getting better.

Mr. Marler: Is the minister paying this pension in 1946 dollars?

Mr. Pearkes: There is a pension listed here which was awarded in May, 1926 to Michael Joseph Mountain, a boilermaker, employed at the dockyard in Halifax, who sustained a fall resulting in both wrists being broken and other minor injuries. The medical reports indicated that the wrists were permanently disabled and a life pension of $420 per annum was awarded.

These are the sort of things which are covered where civilians working for the department suffer some injury. There is no provision to include them in the general pension scheme and special cases have been made. All of these pensions have been in existence for a number of years.

Mr. Knowles (Winnipeg North Centre): In view of the fact that other pensions have been increased to some extent because of changed conditions I wonder if the minister would not consider reviewing these pensions? If these people are still alive, with broken ankles and broken wrists, this amount of money seems rather small.

Mr. Pearkes: I shall be pleased to have them all reviewed. I am sure they are all alive, otherwise they would not be getting the pension.

Mr. Knowles (Winnipeg North Centre): Some people might need a pension where they go.

Mr. Bryce: I should like to ask the minister a question. It has been drawn to my attention now that under special circumstances you can get a pension. Some time ago I had a constituent of mine whose husband was killed in France while a member of the air force. He left a widow and two very small children. She could not get a pension. Would it be proper for me to bring this before the minister?

Mr. Pearkes: If the hon. member will bring the case to my attention I will have it thoroughly reviewed, and if it comes within the terms—

Mr. Bryce: I might say, in fairness to the minister, that I have been working on it from different angles without any success whatever. I will certainly give him the particulars of the case, because it is deplorable that Canada neglects a young widow in that way. This man was killed while he was

serving with the air force, but she could not get a pension because he went on leave at six o'clock at night and was killed at eight.

Mr. Pearkes: I will be pleased to look into that. Considering the efforts I am sure the hon. member has made in the past it would appear to be a somewhat difficult case but I will do the best I can.

Item agreed to.

244. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British Commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $3,840.

Mr. Quelch: I should like to ask the minister what happens in the event of these men becoming injured instead of getting killed while flying? Are they covered under the Pension Act?

Mr. Pearkes: I do not know offhand whether they receive a pension if they are injured. I shall have to look that up.

Mr. Quelch: Since you are looking after the wives it seems to me there should be some provision to guarantee that if pilots are injured while flying they should be pensionable. They are performing a very necessary service.

Mr. Pearkes: So far as I can see, these pensions are given to the dependants of men who lost their lives. There is no indication that under this vote they receive anything for disability, but I should think that if they receive disabilities they would be given a pension by the Department of Veterans Affairs. However, I shall look into it further and let the hon. member know.

Item agreed to.

245. Government contributions to the permanent services pension account, $47,281,909.

Mr. Henderson: I notice that for 1957-58 the amount is $47,281,909. I should like to ask how much this has increased as a result of the increases in pay to service personnel this year? How much has the government's contribution to this item increased?

Mr. Pearkes: We have not got that information here. This is a pension fund which is contributory for personnel who are retiring, and it is the government's contribution to that?

Mr. Henderson: It is the government's contribution to the permanent pension account about which I was asking.

Mr. Marler: Is the minister not going to supply some information with regard to this question? It seems to me it is quite clear that this item of $47,281,909 was established at the time these estimates were prepared away back near the end of 1956. Of course, we know there have been increases in pay and allowances. Surely, that must be reflected by an increase in the government contribution to this permanent services pension account. I supposed, Mr. Chairman, that we would find something in the further supplementary estimates for this, but in looking through them I find no provision whatever.

I should like to ask the minister in what way is provision going to be made for this increased contribution which I take it the government will make in respect of the officers and men who are receiving higher pay and allowances as a result of the government decision taken late in June or early July of 1957?

Mr. Pearkes: I am told there will be about a 5 per cent increase in that amount.

Mr. Marler: So, Mr. Chairman, in round figures that would mean something a little under $2.5 million. The question I had really put to the minister was, when is provision being made for this $2.5 million?

Mr. Pearkes: I am not sure how it will be covered. We might have to bring in a supplementary estimate to cover that amount, or it might be possible to absorb it.

Mr. Marler: Quite frankly, I do not want to quarrel with the minister, but in view of the fact there is going to be an increase of nearly $2.5 million I find it difficult to see how that can be absorbed. I can see that it might be possible to absorb that within the total budget, but I cannot see that there is sufficient flexibility for funds available in some other part of the defence vote to be transferred to this vote No. 245.

Mr. Pearkes: If it is found necessary we will have to bring in a supplementary estimate before the end of the year to cover that increase in pensions.

Mr. Marler: So in effect, Mr. Chairman, there is really an increase in expenditure that is in prospect for this part of the budget?

Mr. Pearkes: Yes. There is bound to be an increase in expenditure because of the increase in the pay.

Mr. Henderson: Before this item passes I wonder whether the minister will assure us that before the end of the fiscal year this

credit will be made to this account so that the government will have fulfilled its pension arrangements with the service personnel and they will have made their contribution of approximately $2.5 million to this account.

Mr. Pearkes: If anybody goes out on pension before the end of the year most certainly it will be fulfilled. His pension will be based on the pay and allowances he received at the time of retirement.

Mr. Henderson: I do not just mean with respect to individuals. I mean with respect to over-all service personnel who are expecting that the government will make this contribution. I want the undertaking from the minister that this obligation will be fulfilled before the end of this fiscal year.

Mr. Pearkes: Certainly it will be fulfilled before the end of the fiscal year.

Item agreed to.

Loans, investments and advances—

527. To authorize loans to be made in the current and subsequent fiscal years in respect of housing projects constructed, pursuant to an agreement with the Minister of National Defence, for occupancy by members of the Canadian forces; such loans to be at interest rates and in accordance with such terms and conditions as the governor in council prescribes, $5,000,000.

Mr. Knowles (Winnipeg North Centre): I wonder whether the minister could indicate to us how many housing units have been constructed this year under the provisions of this item No. 527.

Mr. Pearkes: Which item is under discussion?

Mr. Knowles (Winnipeg North Centre): Item No. 527. The chairman called it without telling us on what page it was to be found.

Mr. Pearkes: I could not give you the actual figure of the number of housing units which are going to be built. I do not think we have it here.

Mr. Knowles (Winnipeg North Centre): Can the minister give us any indication as to whether this money is being used and, if so, to what extent? After all, we should not be asked to vote $5 million without some comment on it. I realize that it is only $5 million but still we should know something about it. Maybe the hon. member for St. Antoine-Westmount knows the answer.

Mr. Pearkes: I believe there are a number of housing schemes in connection with some of the camps in which the department is not actually building the houses but where the houses are being built on an agreed rental basis and the personnel of the services rent those houses where there are not military quarters provided. The exact number I do not know but I believe there is such a scheme on the outskirts of Winnipeg close to the air force station at Stevenson field.

Mr. Knowles (Winnipeg North Centre): I appreciate the fact that the minister does not have the type of information that I have been seeking but I would hope that in some way, without holding up this item, we might get information as to what has been done under this item during this year. His statement as to the purpose of the item accords with the information we have had.

Mr. Pearkes: I have just received a note which says that no housing units have been built under this item during the present year.

Mr. Knowles (Winnipeg North Centre): Then why are we voting the money?

Mr. Pickersgill: Just in case.

Mr. Pearkes: One thing is that the year is not yet over and we are hoping that we shall be able to get some houses built during the rest of the year.

Mr. Johnston (Bow River): Are any houses sold outright? I know there is provision for a loan which has to be at a given rate of interest.

Mr. Pearkes: I do not believe any of these houses are sold outright. That is the advice I have received.

Mr. Knowles (Winnipeg North Centre): Do I understand from the minister that although this vote of $5 million is being sought none of it has been used thus far in this fiscal year?

Mr. Pearkes: That is the information I now have. None of this money has yet been spent.

Mr. Knowles (Winnipeg North Centre): Has there been any request for houses to be built under the provision of this legislation?

Mr. Pearkes: I am told that there have been no requests for the loan of this money. This is money made available for loans and there have been no requests made for such loans up to now.

Mr. Knowles (Winnipeg North Centre): Perhaps the minister might lend this money to his colleague the Minister of Public Works. I am sure there are many places where he can use it.

Item agreed to.

528. To authorize in the current and subsequent fiscal years, under such terms and conditions as the governor in council prescribes, a capital assistance loan to the town of Oromocto, New Brunswick, to be covered by town debentures, for the purpose of assisting in the completion of the physical development of municipal works (revote), $1,500,000.

Mr. Knowles (Winnipeg North Centre): May I ask the minister whether anything is being done with this money in this fiscal year? I notice it is a revote of money that was voted in a previous year. Apparently there are a few places where money is being voted and not being spent.

Mr. Pearkes: I know something of this town of Oromocto which is on the outskirts of Gagetown. It is a very interesting experiment in which the military and civilian authorities are working together with the idea of trying to make a self-sustaining unit adjacent to Gagetown camp. The amount of $1,500,000 is authorized. I am told that money is expected to be spent before the end of the year. As to how much has been spent up to date, I have not that information.

Item agreed to.

The Acting Chairman (Mr. Chown): That completes the Department of National Defence.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the minister whether he can give any indication now as to what the business of the house will be on Tuesday?

Mr. Green: Yes. As I announced last night, Monday will be private members' day. Agreement has been reached between the parties that on Tuesday there will be a one-day supply motion, with a vote on any amendment taking place at 8.15 p.m.

Mr. Marler: Can the leader of the house project his mind forward past Tuesday and tell us what we are going to do during the rest of the week?

Mr. Green: No. I am very sorry but I cannot give that information.

It being four minutes after six o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

CHRYSLER CORPORATION—ROCKET PROJECT

Question No. 308—**Mr. Martin (Essex East):**

1. Has the Minister of National Defence received representations for the extension of the rocket project contract with Chrysler Corporation of Canada?

2. If so, have steps been taken by the government to continue this project?

Answer by: **Hon. Ellen L. Fairclough (Secretary of State):**

1. Yes.

2. Future requirements for these rockets are being determined on an urgent basis by the Department of National Defence. Confirmation of the need for more rockets would allow procurement to proceed. Negotiations have already been commenced with Chrysler Corporation with a view to possible extension of the current contract.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

240. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including costs incurred in the participation of the Canadian forces in the United Nations emergency force and contributions toward the military costs of the North Atlantic treaty organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $130,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies are transferred, the estimated present value thereof shall be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $3,338,164,131 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,521,731,982 will come due for payment in future years), $1,669,450,149.

General services—

241. Grants to military associations, institutes and others, as detailed in the estimates, $259,175.

242. War museum, $26,970.

Pensions and other benefits—

243. Civil pensions, as detailed in the estimates, $2,457.

244. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $3,840.

Defence Services Pension Act—

245. Government contribution to the permanent services pension account, $47,281,909.

Loans, investments and advances—

527. To authorize loans to be made in the current and subsequent fiscal years in respect of housing projects constructed, pursuant to an agreement with the Minister of National Defence, for occupancy by members of the Canadian forces; such loans to be at interest rates and in accordance with such terms and conditions as the governor in council prescribes, $5,000,000

528. To authorize in the current and subsequent fiscal years, under such terms and conditions as the governor in council prescribes, a capital assistance loan to the town of Oromocto, New Brunswick, to be covered by town debentures, for the purpose of assisting in the completion of the physical development of municipal works (revote), $1,500,000.

APPENDIX

LETTER TO PREMIER OF QUEBEC RESPECTING FOREST ACCESS ROADS

Ottawa, January 2, 1958.

The Honourable Maurice L. Duplessis,
Premier of the Province of Quebec,
Quebec, P.Q.

My dear Premier:

Under the Canada Forestry Act the government of Canada has offered financial assistance to all provinces with respect to the completion and maintenance of provincial inventories of forest resources, certain kinds of reforestation projects, and, more recently, capital expenditures required for forest fire protection.

My colleagues and I feel that the protection of the forests against fire is a matter of particular importance. Although substantial improvements have been made in this field in recent years, forest fire losses are still excessive and constitute a major deterrent to the application of sound silvicultural practices in forest management.

Good access roads are essential to the attainment of adequate forest fire protection, as well as for other forest management requirements. The seventh British commonwealth forestry conference, which recently met in Australia and New Zealand, recommended that "road systems be developed wherever necessary to permit maximum efficiency and economy in the management and protection of the forests and in the utilization of their produce".

In view of the foregoing and also in view of the need to provide additional employment this winter and spring my colleagues and I are of the opinion that the time is now opportune, if the provinces are so disposed, to enter into agreements under the Canada Forestry Act to provide for additional federal financial aid to the provinces for the construction of forest access roads and trails. The agreement envisaged would be essentially along the following lines:

(a) The road and trail construction programs to which the federal government would contribute would be planned and executed by the provinces. The federal contribution would be 50 per cent of the cost, the remainder being paid by the province or by a forest protective association.

(b) Federal aid under this proposal would apply to expenditures incurred between the date of this letter and June 30, 1958, and the maintenance of roads and trails would be a provincial responsibility.

(c) The forest access roads and trails included in such programs would be those required for forest fire protection excluding, of course, county or municipal roads and provincial highways.

(d) Canada would not make any contribution with respect to the acquisition of any land or right of way.

I should be glad of your views on this proposal, and of your advice at the earliest possible date as to whether an agreement along the lines indicated above would be acceptable to the government of your province. In the event that it does prove acceptable, a preliminary estimate of the cost of the program you envisage would also be appreciated.

In the meantime, if you wish your officials to obtain further details as to the agreement we might propose, they might contact Mr. J. D. B. Harrison, director of the forestry branch of this department. I have asked him to work out the detailed terms of a possible agreement under the general terms mentioned above.

Yours sincerely,
Alvin Hamilton.

HOUSE OF COMMONS

Monday, January 6, 1958

The house met at 2.30 p.m.

HUMAN RIGHTS

MEASURE TO ENSURE FUNDAMENTAL FREEDOMS—PROPOSED AMENDMENT TO BRITISH NORTH AMERICA ACT

Mr. M. J. Coldwell (Rosetown-Biggar) moved:

That, in the opinion of this house, consideration should be given to the advisability of taking whatever steps are necessary to amend the British North America Act so as to include therein the following heading and sections:

"XII HUMAN RIGHTS

148. Notwithstanding anything in this act, it shall not be lawful for the parliament of Canada or the legislatures of any of the provinces to make laws:

(a) Abridging freedom of speech and expression, or freedom of religion, or of the press or other means of communication or the right of lawful assembly, association or organization.

(b) Depriving any person of life or liberty by arbitrary or abusive measures, or denying to any person the equal protection of the laws.

(c) Requiring or imposing excessive bail or cruel or unusual punishment or exiling Canadian citizens.

(d) Subjecting any person to unreasonable interference with his or her privacy, family, home or correspondence.

(e) Subjecting any person to arbitrary arrest or detention or denying to any person the right after arrest to be informed promptly of the charges against such person and to trial within a reasonable time or to be released.

(f) Suspending the right of habeas corpus or depriving any person of a fair trial or the right to be represented by counsel.

149. The rights provided in section 148 shall be enjoyed without distinction of race, sex, religion or language and the right to vote in any election of members of the parliament of Canada or the legislative assembly of any province shall not be denied or abridged on account of race, religion, language or sex.

150. The rights conferred by sections 148 and 149 hereof of this act shall not be deemed to abridge any existing right of any person."

He said: Mr. Speaker, I may say at the outset that this resolution is being seconded by the hon. member for Vancouver-Kingsway (Mr. Macdonald). I do not propose to speak at any great length this afternoon on the resolution because I want the hon. member for Vancouver-Kingsway to deal with it more from the legalistic point of view than probably I am equipped to do.

This resolution has been introduced on several previous occasions, and I may say it is very similar to the proposals made by the present Prime Minister (Mr. Diefenbaker) when he moved a resolution in the house along similar lines in 1954. Consequently today I hope it will receive from the government in power at the present time, shall I say, a somewhat more sympathetic reception than it has received previously. I do not wish to imply that any members of the late government were opposed to the substance of the resolution or of the specific proposals, but the former minister of justice, Mr. Garson, took the position that an amendment of this description was unnecessary since in his view the preamble to the British North America Act carried into our own legislation or our own rights the rights that have been so well established over the centuries in Britain and through the parliament of Britain, it carried with it all the rights that are implied or expressed in a proposal of this description. But I believe the time has come, and in the circumstances in which we live, when we should have expressed the civil rights and freedoms of the Canadian citizen in our constitution and as an integral part of that constitution.

As a matter of fact, of course, this parliament, unlike the provincial legislatures, represents the whole of Canada; consequently when we suggest that this parliament should legislate in the manner proposed by the resolution it is not because we feel that there should be any interference with provincial rights and functions, comprising as they do specific rights regarding property and civil affairs. Yet we feel that written into our constitution there should be a statement of the rights of Canadian citizens generally as Canadians; and particularly now that we have a citizenship act under which the people of Canada are citizens of Canada as well as British subjects we think it would be well to have in our own constitution a bill of rights.

As I said a moment ago, I do not propose to go into all the arguments in favour of it, but we remember that in recent years there has been interference with fundamental rights from time to time. I do not want to raise any controversy regarding events which took place some years ago, but we do recollect that in one of our provinces legislation was proposed that would limit to some extent at least freedom of the press, the rights of certain employees of financial institutions, and so on. Another province had certain legislation on its statute books for some time which was not disallowed by the federal government but was subsequently thrown out by the Supreme Court of Canada.

May I say in passing that I think we all appreciate the manner in which the Supreme

Court of Canada, when it has been called upon from time to time to consider matters of these descriptions, has protected some fundamental rights of Canadian citizenship, particularly in those respects I have already mentioned.

While the Supreme Court of Canada has from time to time protected the civil rights of Canadians, nevertheless it seems to us, as I said a few moments ago, that having regard to the circumstances and the times in which we live, the time has come when there should be a clear and explicit statement as to the civil rights of Canadians generally, and that such rights should be spelled out in definite legislation enacted by parliament in order to ensure that they shall not be improperly infringed.

The right of freedom of speech and expression is a right that from time to time has been interfered with, not only by legislative bodies but sometimes by private individuals. Then there is freedom of religion, and again in very recent times there have been cases before the Supreme Court of Canada in which the court was called upon to determine whether or not legislation in a province did interfere with the religious rights of Canadian citizens. Of course two of the most fundamental of all our rights are freedom of association and freedom of the press, and to our way of thinking these rights should be spelled out explicitly in an act of the Canadian parliament.

Then, of course, some of us also remember that a few years ago we had an unfortunate situation—and while the end was probably a good one we believe that the end never justifies the means—when certain citizens of Canada were picked up, held incommunicado, were not given any warning that anything they said at that time would or might be used against them subsequently, and had no access to legal advice.

This was done; and whether or not people believe that the government of the day was justified in some instances in doing what it did, I do not believe there was justification. Ultimately some of those who were charged were judged by the courts to be innocent, but they had been picked up and held in this manner. Consequently it cannot be said that provisions of this description are not necessary within our constitution to protect the civil and legal rights of our people. After all, our freedoms in these domocratic countries, and particularly countries with institutions like our own, are freedoms under the law. The law, of course, is made by this parliament, and in some respects by the legislatures.

[Mr. Coldwell.]

It seems to us, consequently, that the law should explicitly spell out what some of these fundamental freedoms really are, so there should be no doubt about them. Then, of course, there is the right of everybody to those things that are private, to a man and his family, which should be protected. There should be no arrest, no arbitrary detention by a government, a minister or any officer of the crown, of this parliament or of any authority, and we should have a provision in our legislation so this could not be done under any circumstances.

I have no doubt that this afternoon something will be said with regard to the centuries old right of habeas corpus, the right of a lawyer or someone to appear in court and demand that a person be produced so that he shall not be improperly detained for any length of time without being brought before a magistrate or other proper authority so he may be accused and at least given an opportunity to make his first plea. It seems to me this is fundamental to our basic rights under the law as we have known it for centuries. These rights should all be enjoyed by every citizen, at least, of Canada—I was going to say every resident, but at least every citizen without regard to race, creed, colour or religion. I need not add that in our own country such rights have been denied because of race, because of colour and sometimes of religion.

I recall very vividly the controversy during the years prior to the first world war when so many of our citizens of Asian origin on the Pacific coast were not treated as first-class Canadian citizens. I recall that because of their religious persuasion a body of people in this country were also denied the right of the franchise in one of our Canadian provinces. I am thinking particularly of the Doukhobors in British Columbia. This disability was, of course, removed later.

Sometimes it is said that Doukhobors have been a nuisance in Canada. I want to say immediately that is only partly correct, because the vast majority of these people professing that religion today are amongst our most law abiding citizens, at least in the province from which I come and to a very large extent in British Columbia. I think it is unfortunate that a whole group of people should be characterized as unlawful and disobedient to the laws of the land in which they live because a small percentage of them commit acts which none of us can condone. However, those disabilities have been removed but there are disabilities that still remain. It seems to me that we should legislate so that beyond peradventure the basic rights of Canadian citizenship should be guaranteed to all our people.

That, of course, is the purpose of this resolution. In former days the resolution was usually talked out. The resolution introduced by the present Prime Minister, I recollect, was talked out in 1954 and the resolution I moved as late as 1956 was also talked out. In a resolution of this description there is no question of confidence in the government. This is not a confidence measure, and I take it that all persons sitting in all quarters of the house would have the right to vote as they think fit, regardless of party affiliations.

I think it is a good thing that from time to time we are able to do this. In fact I am one of those who hold the view that unless a motion or an amendment is of such a nature that it involves an expressed want of confidence in a government it should not be so regarded, and that only when it is so stated as a confidence motion should members be governed by the party affiliations which they may have. In this case we are relieved of that obligation, so every member of the house is free to express himself and to vote according to the way he thinks and feels.

I do not propose to go into this matter to any extent, Mr. Speaker, because as I say I want my friend the hon. member for Vancouver-Kingsway to have an opportunity of dealing with some of the problems. I have discussed this matter in the house so frequently in former years that I thought a fresh approach by one who has made something of a study of this matter would be acceptable to the house.

Before I sit down I want to say that of course I am not pretending that the spelling out of this amendment is entirely my own work. As a matter of fact, in writing this resolution I had the advice and assistance of some of the ablest constitutional lawyers in Canada whose names, if I mentioned them, would be familiar to hon. members and who are regarded as outstanding authorities in this particular field. They assisted me and advised me that this resolution as it stands is entirely within the right of this parliament, and that in their opinion its subject matter should be written into the constitution of Canada.

With those words, Mr. Speaker, I am going to invite the consideration of the hon. members of the house.

Mr. D. J. Walker (Parliamentary Assistant to the Minister of Justice): Mr. Speaker, may I first compliment, on behalf of the members of the house, the hon. member for Rosetown-Biggar on his eloquent and at the same time succinct outline of this problem which faces all of us. I want to say what a pleasure it is to sit opposite the hon. member for Rosetown-Biggar. He enunciates principles and he enunciates them well. While I seldom have been able to agree with him, on this occasion I think the majority of the members of the house do so. We respect him because of his parliamentary ability and also because he is a very kindly man.

May I say that it is very fitting that we should pause today in our mad rush of material thinking to consider matters which are far more important, matters of the spirit. Transcending all others is the question of our freedom. This is close to all our hearts and I trust, Mr. Speaker, that in this debate which takes place after all on private members' day, as suggested by my hon. friend everybody will express himself free of any party affiliations and free of any party duties.

I know the hon. gentleman will have no objection if I briefly trace—because he has taken the opportunity of doing so himself—the history of the proposed bill of rights in this house. Not today, not yesterday but almost 12 years ago a certain member of this house tried to get a bill of rights resolution on the order paper. Not being able to do that, he moved an amendment to the citizenship act in order to bring the matter before the house. Within a short time a petition signed by 500,000 or more Canadians insisted that a bill of rights should be passed by this house.

From that day to the present time, one resolution after another advocating a bill of rights has been placed on the order paper by this certain person. I need hardly identify the member of the house whom I have in mind because to the older members of this house his name is so well known. He is none other than the then member for Lake Centre who is now the Prime Minister of Canada.

The first time he raised this matter was in May, 1946. A year later he took part in a very important debate, the reading of which I commend to all members of this house. In 1947, as found at page 3149 of *Hansard*, he started the pilgrimage and, as you know so well, the matter has been taken up very ably by the hon. member for Rosetown-Biggar as well as by many other hon. members.

As a result of the speech of 1947 tremendous interest was created in Canada with respect to a bill of rights. Not only did the speech catch the imagination of the Canadian people but it was cited in the United Nations and, I understand, was used when the United Nations was drafting its fundamental bill of rights, the universal bill of rights, a year later. Furthermore, one year after the speech of this hon. member the declaration of human rights was passed by the United Nations

assembly, namely in December, 1948. In addition great interest was stirred in England. I found last summer during a visit to parliament at Westminster with some members of that house that our Prime Minister was recalled in one connection in particular, as the champion of the bill of rights.

In 1952 we had his resolution finally placed on the order paper and, his motion having been made and debated, three years later, in 1955, he again moved the same resolution in the same wording. On the same occasion he submitted to the hon. members of this house a draft bill for their consideration; a bill, Mr. Speaker, which was originally drafted by certain honourable members in the other place and amended at that time by the then member for Prince Albert.

May I today very briefly compare the resolution moved by the former member for Prince Albert, as a matter of fact the member for Lake Centre at that time, when that resolution was before the house. It is very short and I would like to read it into the record. It is to be found at page 714 of the 1952 debates, as follows:

> Mr. J. G. Diefenbaker (Lake Centre) moved:
>
> That, in the opinion of this house, immediate consideration should be given to the advisability of introducing a bill or declaration of rights to assure amongst other rights:
>
> 1. Freedom of religion, freedom of speech, freedom of the press and of radio;
> 2. That habeas corpus shall not be abrogated or suspended except by parliament;
> 3. That no one shall be deprived of liberty or property without due process of law, and in no case by order in council;
> 4. That no tribunal or commission shall have the power to compel the giving of evidence by anyone who is denied counsel or other constitutional safeguards.

And then, Mr. Speaker, I ask you to note the following in particular because it is most important and it always has been the view of the Prime Minister. It reads:

> And that as a preliminary step the government should consider the advisability of submitting for the opinion of the Supreme Court of Canada the question as to the degree to which fundamental freedoms of religion, speech and of the press and the preservation of the constitutional rights of the individual are matters of federal or provincial jurisdiction.

Without making any minute comparison of the two resolutions I think it can be said that clause (a) of the resolution presented by the hon. member for Rosetown-Biggar is similar to clause 1 of the resolution presented by my leader on March 24, 1952, when he was the hon. member for Lake Centre; clause (b) is similar to clause 3, clause (e) is similar to clause 4 and clause (f) is similar to clause 2. There is of course a great deal of similarity between the two resolutions although there is a difference in implementation.

After reading over the freedoms enunciated in the resolution presented by the then hon. member for Lake Centre it occurred to me to wonder whether, if he had included another clause dealing with freedom of enterprise, the hon. member for Rosetown-Biggar would have included that in the resolution before the house today.

Mr. Coldwell: I did not include economic freedom or freedom from monopoly; I should have done so.

Mr. Walker: I thank my hon. friend for that suggestion.

Mr. Coldwell: Which is quite different.

Mr. Walker: I had in mind giving my views on this very important subject, particularly on the principles involved which were so eloquently expressed today and which have been so expressed in the past by my friend the hon. member for Rosetown-Biggar; but I think it would be far better and would take far less time if I were to refer to a speech made by the leader of my party when he was the hon. member for Lake Centre in 1947. I shall do so briefly, referring only to a few excerpts from the remarks he made on that occasion as recorded at page 3152 of the debates of this house for May 16, 1947. At that time the then hon. member for Lake Centre stated:

> What would a bill of rights do? It would assert the right of the individual to go into the courts of this country, thereby assuring the preservation of his freedoms. These great traditional rights are merely pious ejaculations unless the individual has the right to assert them in the courts of law.

He then discussed the difference between democratic governments and authoritarian governments and stated:

> The difference between democratic government and authoritarian government is this, that, while democracy gives rights of the individual against the state, authoritarianism annihilates the rights of the individual. Democracy enthrones the sacredness of human dignity, while authoritarianism enthrones the power of the state.

He then went on to discuss what a bill of rights must declare, in these words:

> A bill of rights must declare for this country a government of laws, not of men. And only under a government of laws can there be a full development of the human personality.

He then discussed freedom:

> Freedom today must be fought for, as it was in the past. Freedom is indivisible; there cannot be fractional freedom in our country. When the state is supreme over the individual, then every person must be prepared to act on instructions from the state. Then personal freedom ends.

I wonder if the hon. member for Rosetown-Biggar will agree with the following:

> History shows that if the state plans and provides for the individual, the state must have an unchallengeable right to direct the individual as to where he must go and what he must do. And when that is done, freedom ends.

My final reference is to be found at page 3158 of *Hansard* of May 16, 1947, where my leader discussed civil liberties in these words:

> What are civil liberties? The most sacred things of the human personality. They epitomize our belief in the dignity of the human being; they translate that dignity into rights which the individual can enjoy against the state or against other all-powerful individuals within the state. Civil liberties constitute the individual a sacred being. Civil liberties make him a sovereign in his dealings with the state, provided that he remains within the law.

There we have the situation succinctly and eloquently stated. I must say to my friend the hon. member for Rosetown-Biggar that the expressions he used today and on previous occasions when discussing this matter are somewhat similar to those used by the then hon. member for Lake Centre. Year after year for almost 12 years the present Prime Minister has outlined a bill of rights to this house; and without detracting in any way from the honour and recognition due to the hon. member for Rosetown-Biggar for having brought in the resolution before us today, and not only today but in 1955 and 1956, I have attempted to outline the history and background of a bill of rights.

I know the hon. member for Rosetown-Biggar does not object to my doing so, and by the nodding of his head I took it that he encouraged me in my attempt to outline the history of what I consider to be a movement to ensure our freedom. As we look back over the long pilgrimage of the present Prime Minister in public life we can only conclude that this bill of rights, his brain child, will soon have its fruition and be realized.

It is true, and I say this without reference to politics, that the bill of rights is synonymous with the name Diefenbaker and the name Diefenbaker is inextricably bound up in the bill of human rights. The conception of the bill of rights held by my leader is that it is a great charter of human freedom. For the Canadian people, particularly in "Cabbagetown" in my constituency of Rosedale, their ideal of freedom is personified in the person of the Prime Minister. His life typifies it. He lives, breathes and has his being in freedom. I hope it will not sound or be considered political if I suggest that the present government typifies it also, because it is a government free of prejudice, free of fear, free of any outside interests which control it. The government of the day, with freedom and fearlessness, is attempting to put on the statute books those things which it feels the Canadian people are seeking at the present time.

Therefore when the hon. member for Rosetown-Biggar moves the resolution he has brought forward today I know he is doing so in the interests of the Canadian people. Because it is not in his nature, I know he is not attempting to substitute himself for the Prime Minister as the champion of this bill of rights, nor in his own mind was he thinking for one moment that the Prime Minister has forgotten the subject closest to his heart over the years. All the hon. member for Rosetown-Biggar is doing is helping us out and making his contribution to the fulfillment of the desire of so many millions of Canadians.

May I say that although the Prime Minister might be called the father of the bill of rights, I am sure no hon. member of this house would object to the hon. member for Rosetown-Biggar being known as one of the uncles of the bill of rights.

Mr. Coldwell: The uncle may be right, you know.

Mr. Walker: Thank you very much. Of course there is one great difference between the resolution presented today by my honourable and learned friend and that advocated by my leader over the years, but it is only a difference in the *modus operandi,* the way in which it will be worked out. The hon. member for Rosetown-Biggar proposes an amendment to the constitution, the British North America Act, and in that regard he has received certain assistance from constitutional lawyers. The Prime Minister on the other hand proposes, not that we should take that circuitous and lengthy way, but that the bill of rights should be enacted as a dominion statute.

Now may I say this lest there be any doubt about it. The government is in favour of a bill of rights, but it is a matter of such importance and of such far-reaching consequence, that when it is enacted it will rank with the important constitutional documents of western democracy. There is no question about that. Therefore, Mr. Speaker, we must move cautiously. There is a great deal of homework to be done, because the Liberal government which occupied office for 22 years spent part of 11 years in opposing a bill of rights. Never did the opportunity really come for a vote on this important subject. Therefore for the first time the skilled law officers

of the crown have had their attention turned to implementing a bill of rights and the working out of this problem.

I am delighted to learn from the hon. member for Rosetown-Biggar that one of those who serve under him, the hon. member for Vancouver-Kingsway, I understand himself a lawyer, is going to expound to this house how we can bring a bill of rights into being. I would be delighted to have his assistance. Here are some of the problems which must face the government and hon. members before an act can be finally passed. I am not going to solve them at this time; I am going to outline them very briefly, and I would be glad to have the assistance of the hon. member for Vancouver-Kingsway.

First, should a bill be submitted to the Supreme Court of Canada and, if so, how? Should it be a draft bill, with the question asked as to whether it is within the jurisdiction of the federal parliament, keeping in mind, Mr. Speaker, that in constitutional law Canada is woefully lacking, as the hon. member I am sure will agree, in decisions on questions of this kind? In other words, where do the rights of the dominion cease under section 91 of the British North America Act and where do the rights of the provinces under section 92 begin, particularly when one discusses such abstract but very real values as freedom? Second, should we submit a series of questions to the supreme court? As my hon. friend no doubt is fully aware, to do so is very difficult because we must frame questions of law as distinct from questions of policy which latter, of course, the supreme court will not deal with.

Third, should we have a parliamentary committee to explore and agree on a draft that will be suitable to parliament when it finally reaches parliament? Fourth, would it be premature to submit a draft to the supreme court and then, having their approval, come back to the house to find that it is not acceptable to hon. members, or should the government by-pass the courts and reach rapport with the provinces by calling them into session, having a dominion-provincial conference on the question of a bill of rights, in which the property and civil rights of the provinces would be properly protected? Fifth, should the government itself draft a bill for the approval of and amendment by the provinces, send it to them and have them deal with it? Sixth, should we draft a strictly federal bill? Is this possible under the circumstances, in view of the property and civil rights of the provinces?

Then we must consider very carefully and with great respect the resolution of the hon. member for Rosetown-Biggar, who suggests that this legislation should be in the form of an amendment to the British North America Act. If the amendment concerns matters of purely federal jurisdiction, Mr. Speaker, it can be made without provincial consent; but if the matter concerns, as his resolution concerns, matters which are within the peculiar and distinct rights of the provinces then, Mr. Speaker, it is a very serious matter and, as my hon. friend so well knows, would involve its submission to the British House of Commons, but only after the amendment had been concurred in not only by the federal government but by each of the 10 provinces involved. And that, in the history at least of amendments to the British North America Act, is something which is not very often done.

Another problem on which my hon. friends who follow me might assist us is this. Would it be better to avoid an amendment to the British North America Act and substitute a statute instead, as suggested by the Prime Minister? The ninth question is this. Should a bill of rights exclude the application of the War Measures Act in time of emergency? Or how should the War Measures Act be handled in the circumstances if we are to have a bill of rights, as we most certainly hope we shall?

The tenth question is this. Could the whole thing be wrapped up and handled by a declaration of human rights passed by this parliament? I am giving no suggestions at this time for a solution; but I do ask the house to believe that the government has this matter in hand. It is being given very careful consideration by my chief, the distinguished Minister of Justice (Mr. Fulton), as well as by myself and the law officers in his department.

The question might be asked; why incorporate freedom in a statute? That question has often been asked and I am sure has been asked in this house. Have we freedom at this time? Yes, we have freedom at the present time; and, of course, although this may appear to my hon. friend to be partisan, we hope we shall continue to have freedom as long as a Conservative government is in power in this dominion. Of course that might be for the next 22 years, and this matter might not appear to be too urgent; but everyone knows —and no one knows this better than the hon. member for Rosetown-Biggar—that freedom has a habit of slipping very quickly away in crises and in changes. We know that eternal vigilance is always the price of freedom.

My suggestion to hon. members is this. We have freedom at the present time; but we should have an anchor to which the principles of freedom can be attached. That anchor is a statute, so that new Canadians

and old Canadians can pick up that statute and say, "These are our freedoms; these are our rights."

May I give my French-speaking friends an illustration of the importance of incorporating freedom into law. In 1763, as a result of the treaty of Paris, 60,000 French-speaking Canadians were left in this country; and had it not been for statute and for law, including the Quebec Act of 1774 and subsequent acts, does one think for one moment that the great French Canadian race would have continued its freedom of language, its freedom of religion and its freedom of law? I think these freedoms might have been done away with. But almost 200 years later we find that as a result of incorporating those freedoms into law the 60,000 French Canadian population has increased to a population of almost 5 million, still French speaking, still practising their own religion and still practising their own civil law, a veritable island in a sea of 185 million English speaking citizens on the North American continent.

This is an example of how freedom incorporated into law can succeed. Louisiana, populated by French people, as a result of the Louisiana purchase became part of the United States, and did so without any statutory protection, to preserve their freedoms. Nothing was incorporated into law, with the result that what was once a great French culture and a delightful French people, are gone. They have disappeared; they have been swallowed up in the great American democracy. Why? Because there was no law to protect them.

Mr. Fulton: No anchor.

Mr. Walker: As the Minister of Justice points out, there was no anchor to which they could attach their freedoms, no place where they could turn to demand their freedoms. In this connection may I say that even with a law we are, of course, too well aware that our freedoms can disappear.

Russia has a bill of rights. In reading the debates of this house, I was interested to note that as the high-flown phrases of the Russian bill of rights were read to the house one member called out, "Is that the United Nations declaration"? That was a very interesting observation. Of course what a ridiculous situation! It is just as contradictory as bittersweet to have a Russian dictatorship enforcing a bill of rights. It just does not make sense.

Therefore that example is not one which should deter us in adopting a bill of rights; and in saying that I feel I have the backing of the hon. member for Rosetown-Biggar. On the other hand, we in Canada are different. Our whole upbringing, our whole concept is democratic. May I quote once more from the speech made by the then member for Lake Centre, who expressed the concept very briefly in these words, as found at page 3150 of *Hansard* of May 16, 1947:

> As I agree that although parliament can make charters, the nation can only achieve what is in those charters, if the heart and soul of man demands the achievement of those ideals. I realize that you cannot make mankind good by legislation, but on the other hand, by legislation you can set out the ideals to which you wish men to attain.

May I adopt those words, Mr. Speaker, and the thoughts contained in them. May I take another example that is a symbol of our freedom. It has been my privilege as the parliamentary assistant to the Minister of Justice to work with the Royal Canadian Mounted Police who come within the Department of Justice. In associating with them, I have been amazed and delighted at the manner in which they uphold the law. Their motto is "Maintiens le droit", "Uphold the law"; and, Mr. Speaker, they really do. So different are they from the Russian police who by harsh methods involving brutality and naked force are so well known. The Royal Canadian Mounted Police work through co-operation and good will with the citizens of Canada. Instead of being hard-boiled police officers they are in reality a body of professional men engaged in the work of peace officers, and a magnificent job they have done and are doing. Because we in this world need symbols as well as laws, may I say that in the Royal Canadian Mounted Police, with their scarlet-coated tunics and that firm discipline which is their tradition, we have a symbol of freedom within the law.

There is one more matter I should like to discuss. Nothing worth while is ever achieved without a great deal of effort, but it is also true that all things are possible if the human spirit perists in making them possible. Nearly 12 years ago the then member for Lake Centre began his long crusade to obtain a bill of rights for Canada. We trust, Mr. Speaker, that the crusade is almost over, that the consummation of his hopes is almost realized.

In his journey he has been ably assisted by men and women in all walks of life and attached to every party, including the distinguished leader of the C.C.F. group who has moved the resolution we are discussing today. It is our hope that in the debate to follow members in every corner of the house will rise in their places and express their frank views, keeping in mind that this is a question which is above politics. Freedom transcends politics as it transcends almost all other things.

Human Rights

As we all know, Mr. Speaker, the world today is again threatened by a great dictatorship. We have been amazed by the scientific achievements of that dictatorship. Sputnik No. 1 and sputnik No. 2 have been launched. Sputnik No. 10 may in reality reach the moon. The dictatorship which threatens us may reach the moon, but, Mr. Speaker, it cannot reach God. It cannot reach God because here you have a dictatorship which has not only denied the deity but has irrevocably and ruthlessly crushed all human freedom. That dictatorship will be destroyed not from without but from within, because no civilization has long survived which has abolished any conception of human freedom and at the same time has turned its back on the deity.

By contrast here we are in this dominion, this democratic nation, with the opportunity to incorporate our present freedoms in a statute. My respectful submission to hon. members, Mr. Speaker, is this: May we enshrine freedom in our hearts and may we anchor freedom in our statutes in perpetuity just as securely as we can.

Mr. Alex. B. Macdonald (Vancouver-Kingsway): Mr. Speaker, it is an honour to have the opportunity to support the motion for a Canadian bill of rights placed on the order paper by the hon. member for Rosetown-Biggar, and it is a pleasure to be able to follow the parliamentary assistant to the Minister of Justice who has spoken fair words and generous sentiments.

Few matters can be of more importance to the true interests of the Canadian people. To be sure, we are not concerned here with the material standards and welfare of Canadians but with the spiritual foundations of our society. Man does not live by bread alone, and our society cannot flourish or even survive among the challenges and shocks of the modern world if we cannot restate, spell out and guarantee by law the basic human rights and freedoms of Canadians.

When Canada signed the charter of the United Nations at San Francisco in 1945 she accepted as one of the primary objectives of the United Nations "human rights and fundamental freedoms for all" as referred to in the preamble of the charter. Since 1945, of course, the United Nations has gone farther and under the inspired and inspiring leadership of Mrs. Eleanor Roosevelt has adopted without dissent the United Nations declaration of human rights.

Canada supported that declaration, but what have we done about implementing it? We have given to it the lip service of our political leaders. At the same time we have consigned it to a pigeonhole in one of the departments of government. The Prime Minister, then the member for Lake Centre, wrote these words in October, 1952, in a pamphlet series called "Food for Thought":

> The international declaration of human rights which was accepted by the United Nations should be placed before parliament for ratification and acceptance. Three years have gone by since it was accepted by the United Nations, but as yet Canada has not acted.

It is more than three years now, and six months have gone by since the Prime Minister assumed office. This is not a long time, to be sure, but we cannot help but be concerned. There is still no indication of any plan or intention of the government to lay the United Nations universal declaration before parliament for ratification and acceptance. We ask therefore in the course of this debate that the Prime Minister, if need be through one of his ministers, prove himself as good as these words he spoke in 1952 by making a simple statement that this will be done.

Of course the motion now before the house covers only part of the ground covered by the United Nations declaration. This motion calls for a bill of rights for Canada, for certain basic personal rights to be embodied in the British North America Act as part of our constitution. The United Nations declaration, on the other hand, went on to set forth certain economic and social rights and opportunities which should be the birthright of every child born into this world of potential abundance and freedom. The United Nations declaration mentioned economic rights and social opportunities such as the right to work, the right to shelter, medical care and education; the right to security in the event of sickness, widowhood, unemployment and so on.

We are not concerned with those opportunities in this motion. We are concerned only with the so-called civil and political rights, those liberties of the individual which should be marked out in the constitution itself as free from invasion by any government or agency, by any business or court, by any official or policeman.

It was these civil and political rights that the distinguished Dr. Charles Malik of Lebanon, then rapporteur of the human rights commission of the United Nations, had in mind when he addressed the Canadian institute at Lake Couchiching in 1950, I think it was. I should like to quote his inspiring words. He said:

> Today we find ourselves in a situation, all the world over, in which man's simple essential humanity—his power to laugh and love and think and change his mind, in freedom—is in mortal danger of extinction by reason of endless pressures from every side; governmental regulations and controls, social interferences the maddening noises of civilization, the sheer multiplicity and crowding

in of events as a result of the contraction of the world, the dizziness of his mind from the infinity of material things to which he must attend.

I would add, by way of interpolation, in mortal danger of extinction, too, from the vast and anonymous aggregations of private capital, armed with the latest techniques of applied psychology, and ready to control, manipulate and erase the individuality of employees and consumers alike in their quest for greater profits and power. Dr. Malik went on to say:

> Under this external social and material pressure man is about to be completely lost. What is needful therefore is to reaffirm for him his essential humanity: to remind him that he is born free and equal in dignity and rights with his fellow men, that he is endowed by nature with reason and conscience, that he cannot be held in slavery or servitude, that he cannot be subjected to arbitrary arrest, that he is presumed innocent until proved guilty, that his person is inviolable, that he has the natural right to freedom of thought, conscience, religion and expression; and so down the list of proclaimed rights. It is this reaffirmation, if only he needs it, that might still save him from being dehumanized. For society and the state under modern conditions can take perfect care of themselves: they have advocates and sponsors on every side: their rights are in good hands. It is man, who is in danger of becoming extinct. It is man who is the unprotected orphan, the neglected ward, the forgotten treasure. And therefore it is good that the declaration has not lost sight of its main objective: to proclaim man's irreducible humanity, to the end that he may yet recover his creative sense of dignity and re-establish his faith in himself.

Of course, that is part of the process upon which we are embarked today in striving for a Canadian bill of rights. The need for that bill of rights is more compelling now than it has ever been. Past experience shows the need, and future trends even more underline that need. Who could read George Orwell's nightmarish vision of the world of the future as pictured in his novel "1984" without hoping that it was a warning rather than a prophecy of things to come? Who can put out of mind the telescreen that you cannot shut off, the telescreen that watches you even as you are watching it? Who could put out of mind the hidden microphone, the wiretapping, which can pick up every whispered intimate word? These things are scientifically possible now, and I venture to think that George Orwell, who wrote his book in 1948—the title is inverted, 1984—was describing trends, not only in Soviet Russia but trends about which we must be concerned here and now. Who can consider the prospect of an atomic arms race without feeling that in an atmosphere of insecurity, fear, suspicion and hatred our basic political rights would be in greater jeopardy in the next few years than ever before? Well, that is the future. Past experience, too, proves how precarious are the basic liberties we prize. It is true that the preamble to the British North America Act states that Canada shall have a constitution similar in principle to that of the United Kingdom, and that should be a guarantee to our citizens of at least those rights of habeas corpus and Magna Carta which are part of our British heritage.

These words guarantee us nothing of the kind. They have no legal force. The hon. member for Rosetown-Biggar referred to the order in council of October 6, 1945, which swept aside the centuries-old right of habeas corpus for those persons who had been implicated in the allegations made by Igor Gouzenko. They were seized and held incommunicado, held without a hearing or appeal and without benefit of legal counsel. We all breathed a sigh of relief in Canada when that star chamber proceeding had come to an end and those accused persons were put on trial in the ordinary criminal courts, with the safeguards and the rights and procedures of which they were then able to avail themselves.

Let us take another example. Legislation passed by this parliament in 1944 empowered the dominion government to seize and send to Japan numbers of Canadian citizens of Japanese origin, without charges, without trial, without any offence having been committed or alleged to have been committed by any of them. They were exiled to a foreign land by arbitrary government action. The privy council held this legislation to be perfectly valid. In the absence of a Canadian bill of rights they held properly, and had no alternative but to hold that this vicious legislation was valid. However, in this case public opinion, led I am proud to say by the members of this group, was able to prevent the act from being carried out. It was valid law in the absence of the kind of bill of rights as part of our constitution that we are now discussing.

These things can happen, have happened in the past and will happen in the future so long as, in the words of Jeremiah, "The heart of man is deceitful above all things and desperately wicked." You cannot rely solely on public opinion to protect personal and minority rights. Indeed, these rights are as often as not threatened by the tyranny of the majority. You cannot rely on our courts because, barring some question of jurisdiction between the provinces and the dominion, the courts have no legal constitutional safeguards to apply and interpret in defence of personal rights.

We are often reminded in speeches on this subject of the threat to our democratic institutions posed by totalitarian tyrannies,

whether of the communist or fascist variety. A distinguished writer and critic, the late Dr. B. K. Sandwell, pleading for a Canadian bill of rights as part of a delegation to parliament in 1951, said this:

> It is not enough to say that we are fighting for freedom against tyranny. We must provide man with a positive and specific dynamic faith in our way of life; one in which they believe.

We were reminded last month by George Kennan, former United States ambassador to Moscow, in one of his Reith lectures which are now being happily broadcast over the C.B.C., that the challenge of Soviet Russia today is primarily social, political and ideological. So this is no time to jettison those civil rights or indeed that striving after social equality which should be the first occupation of a democracy. These things are our secret weapons, more powerful in swaying men's minds and loyalties than all the stockpiles of nuclear bombs.

The Prime Minister has become known as the champion of a bill of rights, but I would remind the house, following what has been said by the hon. member for Rosedale—I should call him the parliamentary assistant—that the late J. S. Woodsworth fought a long and valiant fight against that iniquitous section of the Criminal Code known as section 98. I am also reminded that the record shows that the hon. member for Winnipeg North (Mr. Stewart) in 1945 was the first member ever to put on the order paper of this house a resolution calling for a Canadian bill of rights, and that it was that hon. member and not the Prime Minister who in 1947 presented to this house a petition bearing 500,000 signatures in support of a bill of rights and a later petition in the following year bearing some 600,000 signatures.

However, I do not think we need to be invidious about who should get the credit for introducing the subject. We should treat it as the hon. member for Rosedale has done. He said the Prime Minister should be recognized as the father of the bill of rights and the hon. member for Rosetown Biggar as the uncle. If we go into this question at all of who the putative father is, I think we should describe the hon. member for Winnipeg North as the father so far as this house is concerned and the Prime Minister, who is a lawyer, could perhaps be described as the father in law. However, we regret that the Prime Minister, who has been a champion on this subject, has been putting off this matter since forming his government. For instance, on November 1 of last year, as reported at page 649 of *Hansard*, in answer to a question he said:

> The matter is still under advisement and consideration.
>
> [Mr. Macdonald (Vancouver-Kingsway).]

I suggest that is a strange reply to come from one whose mind should have been made up on this question above all others, and I regret to say it was the tenor of the remarks of the parliamentary assistant to the Minister of Justice. I am afraid of fair words of support for a bill of rights and continued inaction. In order to secure a Canadian bill of rights we may be obliged to triumph over the friends of the bill rather than over its opponents. It would be a great pity if the matter continued to be put off by this house until say after just one more election, in the belief that perhaps one province of Canada is opposed to that bill of rights, a belief which I hold to be wholly erroneous.

As reported in *Hansard* of February 7, 1955, the present Prime Minister, in supporting the motion for a bill of rights, deplored the action of the Liberal government in not allowing the matter to come to a vote. They prevented a vote of the house, he said, in March of 1952 and again in December, 1953; and again, for that matter, a vote was prevented on the date in question. The Prime Minister said this about that conduct, as reported at page 895 of *Hansard:*

> I hope that a similar course will not be followed which simply has the effect of killing discussion and a vote, for the resolution then goes to the foot of the list and there is no possibility during the session of it coming up for further hearing.

What an ironic commentary on the conduct of public affairs if that were to be the fate of the present resolution; that is, if the government, expressing fair words for the principle, yet allowed the matter to be talked out today. Surely the time is ripe for a decision on a matter which receives the support, I am sure, of the vast majority of the members sitting in this house.

This is an urgent matter. The Prime Minister himself said so in 1952, so it can hardly be less urgent now. In the magazine *Canadian Business* of September, 1952, the then hon. member for Lake Centre wrote that he had—

> —tried to add a bill of rights to the citizenship bill on March 7, 1946. "We still haven't a bill of rights, but I am still trying."

To which I might add in parenthesis, "So are we". He went on to say:

> I've believed in such a bill to act as an anchor of liberty all along, but now we are in urgent need of such protection.

But as I say, the passage of six years, the mounting challenge, in an age of conformity and anxiety, to man's precious right to be wrong, to be different, to be exasperating for the right as he sees it—these things add to the urgency the Prime Minister referred to in 1952.

What is the need that is so urgent? It is to write into our constitution certain common rights of Canadian citizenship which are recognized by no law today, such as free speech, freedom of assembly and the right to privacy. Note that this motion really grasps the nettle, for it asks that these civil rights be written into our constitution explicity by amending the British North America Act by adding as section 148 a binding declaration of the rights of the Canadian people. It proposes that, in Hotspur's words, "Out of this nettle, danger, we pluck this flower, safety".

The parliamentary assistant questioned whether this provision should be written into the constitution. I say it must be written into the constitution. This motion rejects the sufficiency of a declaration referred to by the parliamentary assistant, which would be merely an act of this parliament. It also rejects the notion that the civil rights of a Canadian should be looked for partly in the legislation of this parliament, partly in the legislation of the provinces, and partly in the common law as it is administered by the courts.

No; these rights must be embodied in the constitution itself, where alone they would be equally applicable to all Canadians in every province of Canada. We propose to build on hardpan, not upon sand. Common citizenship deserves common civil rights, immutable save by the difficult process of constitutional amendment.

The suggestion that we should rest content with a mere declaration of this parliament is not sufficient. Sometimes the call has been for a solemn declaration of rights in this parliament. At this session of the house we have been trying to find out the difference between solemn campaign promises and the ordinary kind, and we have found that both contain a great deal of air and water. Even a solemn declaration of rights by this parliament would be little better than a pious expression of good intentions, for what one parliament grants another parliament can take away.

Let us look at the experience of our great neighbour to the south. For 10 years the ugly, hysterical, vindictive clouds of McCarthyism darkened the liberties of the people of the United States. An ex-communist informer became a public hero. Teachers were dismissed if they did not extoll the materialist values of free enterprise. It was as much as your job was worth if you had been associated with a communist in your college days. But the United States supreme court slowly but consistently, in a series of decisions, reminded the people of the United States that they were born free. Men imprisoned not for what they did but for what they thought were set at liberty. Guilt by association was found to offend against the United States bill of rights. But no one seriously doubts that if those rights had not been embodied in the actual United States constitution itself they would have been swept away in those 10 years of fear and suspicion.

I appreciate that the Supreme Court of Canada has tried to protect the civil rights of Canadians in a number of noteworthy decisions. These rights were implicit in our law, but a reading of these cases shows that this is not enough. They must be made explicit in our constitution.

There is the well-known case of Saumur and the city of Quebec, which was reported in 1953. Since 1933 a by-law of the city of Quebec, supported by provincial legislation, was in effect as follows:

> It is by the present by-law forbidden to distribute in the streets of the city of Quebec any book, pamphlet, booklet, circular or tract whatever without having previously obtained for so doing the written permission of the chief of police.

Mr. Justice Rand, of our supreme court, a jurist with a refreshing and original gift for analysis and exposition, had this to say about that by-law:

> That public ways, in some circumstances the only practical ways available for any appeal to the community generally, have from the most ancient times been the avenues for such communications, is demonstrated by the Bible itself: In the sixth verse of chapter XI of Jeremiah these words appear: "Proclaim all these words in the cities of Judah, and in the streets of Jerusalem"; and a more objectionable interference, short of complete suppression, with that dissemination which is "the breath of life" of the political institutions of this country than that made possible by the by-law can scarcely be imagined.

In another part of the judgment of Mr. Justice Rand, he observes that:

> Despotism always views with fear and wrath the uncensored printed word.

Yet that by-law was in force in 1933 and has since been in force in one of the cities of Canada. How many like it are on the statute books? Saumur, a zealous Jehovah's witness, succeeded in having this by-law quashed in the Supreme Court of Canada after long litigation and no doubt great expense. But he won only by a decision of five judges as against four dissenting judges and he did not win on the ground of civil liberties but, almost by chance, on another point which swayed one judge. Five of the nine judges decided that the province and city did indeed have the power to enact that obnoxious by-law. Only four of the nine judges decided that a province had no power to trespass

upon the civil rights such as freedom of religion, due to this being exclusively a matter of federal jurisdiction.

In a sense that case was a retreat from the decision of the majority of the judges in the Alberta press case of 1938. In that case the province of Alberta tried by law to compel newspapers to publish Social Credit doctrine and explanations. The court declared the law invalid. Perhaps that was a pity, because at long last we might have had a chance to find out what Social Credit is. But the court, led by the distinguished Chief Justice Sir Lyman Duff, held that a province could not interfere with the freedom of the press, or for that matter with other basic freedoms.

The last case decided by our own Supreme Court of Canada quashed the iniquitous Quebec padlock law. Under that law the attorney general of the province in his absolute discretion could close down for a period of one year premises suspected of being used to promote a particular political ideology. The Supreme Court of Canada had no difficulty in holding that law to be invalid, not because it trespassed on the civil rights of Canadians but because it was really a matter of criminal law upon which the dominion alone could legislate.

How do these decisions leave the state of our civil liberties? The answer, in my opinion, is in a very precarious state. As the Chief Justice of Canada said in the Saumur case:

> We have not a bill of rights such as is contained in the United States constitution.

I would add that we do not have a legal guarantee of free speech or assembly or privacy. We do not have a legal guarantee protecting Canadians from coast to coast against discrimination on account of race, colour or creed. It is time we had.

Therefore the motion of the hon. member for Rosetown-Biggar proposes a constitutional amendment for a Canadian bill of rights. In reply to the parliamentary assistant, the provinces should be consulted and informed when an amendment to the constitution is involved; but as these rights are primarily matters of federal concern, in many cases though not necessarily wholly so, it is eminently proper that this parliament should take the initiative in securing speedy acceptance of the amendment through the process of adoption by the British parliament.

Some of the basic civil rights of the Canadian people referred in the motion may well be matters of provincial jurisdiction. The matter of discrimination on the ground of colour in the case of a man who tries to get a meal in a restaurant may be such a matter of provincial legislative jurisdiction. But I think it is up to this parliament to enact a constitutional amendment and forward it to the British parliament after full consultation with the provinces. I do not necessarily say that the full concurrence of all provinces should be obtained; I do not think that to be necessary for a constitutional amendment. I would add that if we at least take the initiative in doing our part I feel sure most of the provinces will concur, even though one or two may wish to abstain.

The house should be glad to note that the proposed amendment leaves out one little word, "property" and includes one other little word "privacy". This is as it should be. It is, after all, a charter of personal rights, not property rights.

The United States bill of rights has a due process clause dealing with property, and what a source of expensive, endless litigation it has been. At one time United States courts actually declared that laws prohibiting child labour in factories were invalid on the ground that this interfered with the right of the owners to do as they pleased with their own property. Industrial, financial and commercial property rights need no constitutional safeguards in Canada. Indeed, an enlightened and humane opinion increasingly regards this kind of property as a trust to be administered for the benefit of the whole community.

But privacy; that is essential. I was glad to see that a Dr. Robbins obtained $3,000 damages against the C.B.C. Chief Justice Scott in Quebec superior court is reported in the newspapers to have said that as the result of publicity on a television program "he was convinced that Dr. Robbins' privacy had been intruded upon."

It is news to me that this constituted a case for damages, but it should. The privacy, the soul, the individuality of people may be drowned in a sea of commercialism. What protection will Canadians have against subliminal advertising, where the advertising message strikes home in the subconscious mind of the individual who is unaware that he is being influenced?

What will be our protection against closed circuit TV, where every minute and movement of the employees' working day is spied upon by security guards or efficiency experts? What is our protection against wire-tapping and hidden microphones, not just in the hands of private eyes looking for divorce evidence but in the hands of police officers and government officials? What about the privacy of individuals hounded by collection agencies with letters and phone calls that sometimes lead to a nervous breakdown? The scientific invasion of the human personality is on. Let that little word "privacy" be one of our constitutional safeguards.

Freedom of speech and association? They are always in danger. We do not have to

look beyond the present session of this house for examples. A foreman on the St. Lawrence seaway project was fired because he drove a car for a Liberal candidate on election day. It was his day off. It had nothing to do with his work as a foreman. But, we are told that a time-honoured—I would say time-dishonoured—practice of this house requires the automatic discharge of a government employee accused in a letter from a member of parliament of political partisanship. No hearing. No charges. What a gross disregard for the personal rights of the individual!

Or take the resolution placed on the order paper recently by the hon. member for Quebec-Montmorency (Mr. LaCroix). It was directed against vague, undefined subversive activities, and if made law would be a means of prosecuting individuals, not for what they did but for what they thought.

Another example can be found in some of the court decisions against picketing in the course of a strike. Some of them offend against the basic civil right of individuals to present their case by word and placard to passers-by and fellow-employees. Freedom of speech is curtailed when picketing is prohibited by court injunction.

Take another case reference to which can be found in *Hansard* of this session, that of Per Holting. This Canadian citizen was en route in a Scandinavian air lines plane to Los Angeles. He debarked at Winnipeg, left the depot, but was forcibly seized, put back on the plane, and deported to Los Angeles against his will. Of course the conditions of his ticket, and no doubt the air lines franchise, did not allow him to get off in Winnipeg. But these would not prevail over a bill of rights outlawing the forcible exile from Canadian soil of any Canadian citizen.

The examples I have mentioned have occurred within the last few months but let us take another dating back four or five years, the case of Martin, a law student in British Columbia who with the help of D.V.A. credits, qualified himself by taking the necessary examination to practice at the bar in British Columbia. After completing his course he was denied the right to practice by the law society of British Columbia because of his communist opinions. With all respect to the sincerity of those who made that decision, it was in my opinion an indefensible case of discrimination on account of creed or belief.

I think these examples serve to illustrate that these rights are always in danger. These examples may seem trivial but they are not. The fabric of a free society is woven from countless seemingly inconsequential strands. By so much as we deny civil rights to one individual in one particular case, our society as a whole is less free. Shakespeare wrote, "Sure he that made us with such large discourse, looking before and after, gave us not that capability and god-like reason to rust in us unused."

Let us remind ourselves that the full flowering of the human mind and spirit can take place only in a free society and buttress our liberties now by those constitutional safeguards set out in this motion.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, may I say at the outset that my colleagues and I agree wholeheartedly with the general principle of this resolution. One could hardly declare his belief in democracy without at the same time declaring his belief in the freedoms enunciated in the resolution sponsored by the hon. member for Rosetown-Biggar (Mr. Coldwell). However, I feel we should remind ourselves at this time of the fact that there is probably no place in the world where the citizens of a nation enjoy the freedoms enumerated here more than we do in Canada.

I can well imagine that the press of certain countries knowing that we are debating a resolution of this kind might come forward in their pages tomorrow and declare that Canada does not have freedom of speech, freedom of expression, freedom of religion and the other freedoms because of the fact that only now are Canadian members of parliament demanding that we be given those things. Despite the fact that reference has been made, and quite properly so, to certain cases where the rights of individuals have been restricted or deprived nevertheless I think it bears repeating at this moment that there is no place in the world so far as I am aware where the citizens of a country enjoy a greater degree of these freedoms than we do right here in Canada.

May I say that I was rather amazed to hear the hon. member for Vancouver-Kingsway (Mr. Macdonald), who made a splendid address, refer to the year 1938 and a certain press bill which, as he said, would have compelled the press to print Social Credit doctrine. I defy him to produce the bill to which he referred and show me where any such provision was contained in the legislation. Mr. Speaker, I am not at the moment defending that legislation. I think it was probably a natural outcome of the climate of the times when tempers on all sides were frayed and doubtless many people said and did things for which they later felt rather sorry; but I do feel that if reference is going to be made to any particular piece of legislation the whole story should be told.

When the hon. member for Rosetown-Biggar was speaking he referred to the fact that he had no desire in his resolution to interfere with the rights of the provinces. Frankly I find it quite impossible to believe that this parliament could ask for an amendment to the constitution on its own or pass legislation incorporating those things suggested in the resolution without doing that very thing. I am quite positive that any legislation drawn up and passed in that way would be thrown out by the Supreme Court of Canada.

I was quite impressed by the remarks of the parliamentary assistant to the Minister of Justice (Mr. Walker). I thought his approach was fair and quite realistic but I rather regretted that he ended with 10 or so questions and not 10 or so suggested answers. As far as I am concerned, Mr. Speaker—I think I voice the views of my colleagues—there is only one logical and sensible approach to this whole thing. First, we would recommend that a joint committee of the Senate and of the House of Commons be set up to, among other things, suggest the form which the proposed legislation should take and probably go so far as to draft a suggested bill of rights. Then we would urge that if the committee did not actually draft the bill, following their studies the law offices of the crown be asked to draw up such a bill and then the provinces be called together in order to consider the matter.

I do not think the hon. member for Vancouver-Kingsway (Mr. Macdonald) discarded the idea of calling the provinces in, but he certainly said he would proceed with the consent of some of them. To my way of thinking, especially since such a bill would deal with property and civil rights, it would be an infringement upon the rights of the provinces under the constitution to proceed in that manner. Therefore, I say, let us call the provinces in. I do not think it would be impossible to reach an agreement on some form of bill. We also believe, Mr. Speaker, that this should be a separate bill and not an amendment to the constitution. It should be a separate and distinct bill of rights.

In referring to this matter, the hon. member for Vancouver-Kingsway suggested that if it were not an amendment to the constitution, then a succeeding government might alter it or throw it out. Of course, if it is an amendment to the constitution exactly that same thing could be brought about if a future government were determined that it was to be removed from the constitution of this country. I repeat, we believe it should be definitely a separate bill of rights and not an amendment to the British North America Act.

It seems to me, Mr. Speaker, it is not necessary for one to say more than I have said at this time. We agree with the principle of the resolution. We have made a suggestion as to the way we think the whole thing should be dealt with, and I stop with the same thought with which I started, namely let us try not to give the impression to the world at large that we are people without freedom. I say we have as much freedom as, and probably more than any other country on the face of the earth.

Mr. F. C. McGee (York-Scarborough): Mr. Speaker, before I commence my meagre contribution to this debate I should like to reply to some of the rather astonishing suggestions put forward by the hon. member for Vancouver-Kingsway (Mr. Macdonald). Unless I was very much mistaken I seemed to hear him asking other members to curtail their speaking activities. Am I correct?

Mr. Macdonald (Vancouver-Kingsway): No. I may have given such an impression but I did not mean to. I did not want the resolution to fail to come to a vote.

Mr. Knowles (Winnipeg North Centre): He merely quoted from the Prime Minister (Mr. Diefenbaker).

Mr. McGee: The other suggestion he made was that since there was no mention in the speech from the throne that the government was to introduce a bill of rights it was an indication that no such bill will be forthcoming. I must say this is a curious statement indeed when one considers the performance of the group in that corner during the current session. We came to this house on October 14 to open an emergency session to implement certain promises and pledges made during the campaign which culminated on June 10 last year. I submit to the hon. member for Vancouver-Kingsway and to his colleagues that if over the past few months they had displayed a more co-operative attitude in the passage of legislation perhaps today we would be considering, not a private bill but a government motion to this effect.

Mr. Ellis: Don't you believe in opposition?

Mr. Castleden: Then put it on the order paper.

Mr. McGee: Mr. Speaker, in my preparation for this debate I went to the parliamentary library and read at length of the literature on freedom. It seems to me that the discussions on freedom boil down to two phases: one, that in man's original state he was free and all laws tend to reduce and limit that freedom. There are statements in support of this by Algernon Sydney, who said:

> The liberties of nations are from God and nature, not from kings.

Lord John Russell, indicated as probably the greatest apostle of liberty in many centuries, said:

> What is called love of liberty means the wish that a man feels to have a voice in the disposal of his own property and in the formation of the laws by which his natural freedom is to be restrained.

The second concept is that freedom exists today as a result of wresting away from dictatorial powers the authority they possessed. The milestones along that road to freedom are many: Magna Carta, the declaration of rights, the petition of right, the habeas corpus act, the United States bill of rights. These and others are representative of the magnificent effort of free men down through the centuries. I think in this debate it behooves us to pay grateful tribute to those champions of freedom to whom we owe so much.

I read in *Hansards* of years gone the debates on human rights and I hope the house will pardon me if I repeat in part what the hon. member for Rosedale (Mr. Walker) said. In my reading I found that the words and phrases of one man stood head and shoulders above all others. What interested me even further were, in reading the comments of other hon. members of the house at that time, the flattering phrases and sincere statements concerning that man. Of course, I refer to the Prime Minister. In reading his words and the words of others in the house today as well as the words of others who have gone to the other place and some who have since died, I became more and more aware of the fact that any contribution I might make to this debate at this time would be meagre indeed.

My most outstanding personal experience with regard to the rights of man came some few years ago when I was called for jury duty in the city of Toronto and was selected as a juror on two successive murder cases. Those hon. members whose background is in the law and who deal with the law day by day perhaps do not appreciate as much as one whose day to day life has been concerned mainly with business and commerce that it was a tremendous experience and a revelation to me in serving in the capacity of a juror to achieve a fuller understanding of what the principle of law that a man is innocent until proven guilty really means. I came away from that experience with a tremendous respect for our system of justice.

I mentioned a moment ago that in my reading and perusal of debates of years gone by I had encountered significant words and phrases. I should like to quote one short passage from a speech made by the Prime Minister on March 24, 1952 in support of a motion moved by him similar to the one before us today. As found at page 716 of *Hansard* for that date he said:

> Great as is our inheritance, events in recent years demand that we review from time to time what is our inheritance, to ascertain whether any of our freedoms are being lost either intentionally or by default, and how far the principle of the heritage of freedom that is ours and that we take for granted is ours to enjoy.

In that same speech he quoted the Marquis of Reading, speaking in the British House of Lords on May 15, 1947, at which time the Marquis of Reading said:

> Personal freedom had for so long been the current coin of life in this country that we had been apt perhaps to forget that currency may be slowly and stealthily withdrawn from circulation, that coinage may be debased without any very evident outward signs and that it may even be deliberately counterfeited without immediate detection.
>
> It is no part of my case today to allege any malign conspiracy on the part of any one deliberately to attempt to overthrow the liberties of the subject. The process has been gradual, stealthy, haphazard, almost inadvertent, but unfortunately both insidious and menacing in its cumulative effect.

Further, he quoted from a speech by Viscount Samuel in the British House of Lords in 1951 in which Viscount Samuel said:

> During the last 30 or 40 years, imperceptibly, almost unconsciously, here a little and there a little, there have been encroachments upon that great and precious heritage.
>
> I do not suggest today that we have lost, or are in danger of losing, those liberties, but I do suggest that they have been again and again impaired, that that process is still continuing, and that it needs to be stopped and reversed.
>
> Even now, after the peace, or semi-peace, of the last five years, not all these liberties have been restored, and there is danger that some of these restrictions may be allowed unnecessarily to slip into our permanent system of governments.

Surely these remarks indicate the ultimate necessity for such a bill of rights. It is almost unnecessary to state that the necessity for such a bill will receive my whole and complete support. The hon. member for Rosedale expressed the hope that this discussion would not become political in its ramifications. I have prepared something which I suppose might be considered as being political, but unfortunately something as fundamental as appears in paragraph (a) of the resolution is inseparable from this discussion. I refer to the opening part of that paragraph beginning with the words, "abridging freedom of speech and expression". If there had not been abridgement of speech in the House of Commons in recent years, Mr. Speaker, I would not be sitting in this seat today nor, I suggest, would a great many of my colleagues on this side of the house.

The principle, as ennunciated by John Stuart Mill, to which certain members of one

party in this country lay claim, is certainly sound today and points up what happened in the house. Mill said that if all the people in the world but one were of one opinion and only one opposed, the world would be no more justified in silencing that one man than he, if he had the power, would be justified in silencing mankind.

If I may stray a little farther into the political field, I have a suggestion which I put forward in all humility to the political party which is about to hold its convention in the very near future, a party which last June 10 was tried and found guilty by the jury of public opinion of abridgement of freedom of speech, a party which gathered to beat its breast at Presqu'ile Point, to apologize to the people of Canada for its performance when in office. I suppose it can be likened to a situation where Al Capone, appearing in court for multiple murder, would apologize for taking a penny out of the collection plate. I hasten to assure my friends that I am by no means suggesting that they are political gangsters. That is not my intention at all. But gathering at Presqu'ile Point and confessing that a budget that was not politically attractive in the first instance and something about the brass and the grass in the second instance certainly did not atone in any way for the violence which was done to a fundamental principle in this house. As I say, if I, as one young in years and political experience, may give them one small piece of advice, may I suggest that when they again foregather in this city they admit to the Canadian people the great wrong which they perpetrated and apologize for it.

I must apologize, Mr. Speaker, for straying somewhat from the principle before us today but as I said in the first instance human rights and the incident which occurred in this house are virtually inseparable. I think it behooves us, as has been very ably pointed out today, to be on guard at all times concerning our freedom.

The principle that a man is innocent until proven guilty is curiously reversed under our present system of government, particularly with regard to income tax, customs laws and certain other statutes. In matters of income tax, the individual is assumed to be guilty and the onus is upon the individual to establish his innocence. This is a reversal of an important principle of law. It is a reversal which works a particular hardship, it seems to me, on the ordinary individual who has to summon to his assistance a lawyer, when in many cases he has little or no means to do so, to present a case against a government department and the government lawyers.

I am not prepared to offer a solution to the matter of collecting taxes. However, I would suggest to the appropriate ministers that they re-examine the situation and perhaps with the co-operation of and suggestions from members of the house arrive at some more consistent method of collecting. Before I resume my seat, may I concur with what the hon. member for Rosedale has said concerning the sponsor of the bill, the spirit behind it, and I would say that it has my complete and unqualified support.

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I greatly appreciate the opportunity of saying a few words in this debate. This is a subject which I have heard discussed as long as I can remember. I have spent a great many hours reading the very enlightening debate which took place in this house in 1955, when a similar resolution came before this house. There were three resolutions before the house at the same time covering this subject. On that occasion the Speaker ruled that there should be only one resolution covering the same subject before the house at one time. One was ruled in order, and therefore the other two were ruled out of order and were withdrawn by their sponsors. The one which was retained for discussion was sponsored by the hon. gentleman who is now our Prime Minister (Mr. Diefenbaker). In so far as the other two are concerned, one was sponsored by the hon. member for Rosetown-Biggar (Mr. Coldwell) and the other by the hon. member for Spadina, now Senator Croll.

The matter was discussed at great length and the various legal, moral and social implications were thoroughly canvassed. It was a great pleasure to me to read this discussion, dampened only by the fact that I was going to be placed today in a position where I would have to show my ignorance of the whole matter. However, there are several facets of this intriguing subject which will no doubt bear further discussion. First, I should like to take up, point by point, some of the suggestions made in the resolution which is sponsored as an amendment to the British North America Act. The resolution reads:

> Notwithstanding anything in this act, it shall not be lawful for the parliament of Canada or the legislatures of any of the provinces to make laws:
> (a) Abridging freedom of speech and expression, or freedom of religion, or of the press or other means of communication or the right of lawful assembly, association or organization.

There are a number of things mentioned in that paragraph (a), including freedom of speech, freedom of religion and freedom of the press which I should like to take up in detail later on in this address.

Paragraph (b) reads:

Depriving any person of life or liberty by arbritary or abusive measures, or denying to any person the equal protection of the laws.

As was pointed out by one of the members on the opposite side of the house, there is no mention of property rights. Most of these resolutions which are concerned with human rights and liberties also mention property rights. I feel that the explanation given as to why property rights were not included is inadequate. After all, our property rights and our human liberties are so bound together that I do not believe we can preserve the rights in one respect without preserving them in both respects. What good is life to a man who no longer has the means of livelihood? What good is life to a man deprived of food, clothing and shelter as well as these other material things which make life worth living? What good is life to a person suffering from disease if he has nothing with which to purchase medical services and the comforts of hospitalization? I submit to this house that to separate personal rights and property rights does not make sense.

Paragraph (c) reads:

Requiring or imposing excessive bail or cruel or unusual punishment or exiling Canadian citizens.

I must admit that I have never heard of anything of this kind being done in Canada. Perhaps there is a possibility of such things happening in the future, but I cannot conceive of that. The hon. member for Red Deer (Mr. Shaw) mentioned that there is no country in the world today in which the people enjoy the same measure of liberty and freedom in every respect as do the people of this country. If one suggests such amendments to our legislation, it leaves the implication, not only with ourselves but with the world at large, that we are very fearful of the future or that we lack faith in ourselves as a nation.

I come now to paragraph (d):

Subjecting any person to unreasonable interference with his or her privacy, family, home or correspondence.

You will notice the wording carefully skirts around any reference to property rights, except the reference to a home. Being a farmer and having been a farmer most of my life it is natural for me to look at these questions from the point of view of one who has lived on the land and enjoyed that form of living. To a farmer home includes the whole farm from the front to the back, but there is something here which suggests that possibly the home is only a house or a house and lot. I think that indicates that the whole conception back of this proposed amendment to the British North America Act is drawn up, not from the point of view of a farmer's holdings or a fisherman's holdings but from the point of view of the person who is living in an urban centre, with a house and lot. The resolution reads:

(d) Subjecting any person to unreasonable interference with his or her privacy, family, home or correspondence.

Any one who has been closely associated with the developments in the political world over a great many years can almost pick out the incidents in our Canadian life which have inspired every one of these sections contained in this bill. For instance, we find this:

(a) Abridging freedom of speech and expression, or freedom of religion,—

I think there would be no doubt that would go back to certain activities in one of our provinces to curtail certain activities of a certain religious sect which has already been mentioned here in the Saumur case. Then we find:

(b) Depriving any person of life or liberty by arbitrary or abusive measures, or denying to any person the equal protection of the laws.

I do not know about that one. That is so general that I could not ascribe any particular incidents which they had in mind. Again we find:

(c) Requiring or imposing excessive bail or cruel or unusual punishment or exiling Canadian citizens.

That, of course, might refer to a recent, shall I say, discrepancy in our legislation which permitted the deporting of those of our citizens who became citizens through the process of naturalization, something which I understand has since been rectified in our legislation. Then we find:

(d) Subjecting any person to unreasonable interference with his or her privacy, family, home or correspondence.

There is no doubt in my mind that that paragraph dates back 15 years or 20 years to the time between the two wars when a certain political party was being developed in this country against the wishes of a great many other people, when it was felt that there was evidence of sedition in their activities and when certain people were arrested their personal files were examined and their literature was taken for examination. Then we find:

(e) Subjecting any person to arbitrary arrest or detention or denying to any person the right after arrest to be informed promptly of the charges against such person and to trial within a reasonable time or to be released.

I think there is no doubt that that paragraph probably dates back to the well known Gouzenko spy case. Then we find:

(f) Suspending the right of habeas corpus or depriving any person of a fair trial or the right to be represented by counsel.

I think that paragraph would probably refer to the same incident. Then we find:

149. The rights provided in section 148 shall be enjoyed without distinction of race, sex, religion or language and the right to vote in any election of members of the parliament of Canada or the legislative assembly of any province shall not be denied or abridged on account of race, religion, language or sex.

That is a very general statement. Aside from our Indian population or some of our Indian people who do not yet enjoy the franchise, I am not just clear to whom it would apply. Then we find:

150. The rights conferred by sections 148 and 149 hereof of this act shall not be deemed to abridge any existing right of any person.

In the debate two years ago to which I referred, the resolution at that time was slightly different. The Prime Minister, at that time the hon. member for Prince Albert, moved the following resolution:

That, in the opinion of this house, immediate consideration should be given to the advisability of introducing a bill or declaration of rights to assure amongst other rights:

1. Freedom of religion, freedom of speech, freedom of the press and of radio;

2. That habeas corpus shall not be abrogated or suspended except by parliament;

3. That no one shall be deprived of liberty or property—

It will be noted that we come back to that word "property".

—without due process of law, and in no case by order in council;

4. That no tribunal or commission shall have the power to compel the giving of evidence by any one who is denied counsel or other constitutional safeguards.

Again that sounds like a reference to the Gouzenko case.

And that as a preliminary step the government should consider the advisability of submitting for the opinion of the Supreme Court of Canada the question as to the degree to which fundamental freedoms of religion, speech and of the press and the preservation of the constitutional rights of the individual are matters of federal or provincial jurisdiction.

At the same time the hon. member submitted to the house a draft bill of rights which he suggested should be submitted to the Supreme Court of Canada for their consideration and advice. It reads as follows:

Article 1

Everyone has the right to life, liberty and the security of person.

That is slightly different from the one in the United States.

Article 2

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 3

Everyone has the right to recognition throughout Canada as a person before the law.

[Mr. Thomas (Middlesex West).]

Article 4

All are equal before the law and are entitled without any discrimination to equal protection of the law.

Article 5

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

Article 6

(1) No person shall be subjected to arbitrary arrest, detention or exile.

(2) Any person who is arrested or detained shall be promptly informed of the reasons for the arrest or detention and be entitled to a fair hearing within a reasonable time or to release.

(3) No one shall be denied the right to reasonable bail without just cause.

(4) No tribunal, royal commission, board or state official shall have the right to compel anyone to give evidence who is denied counsel or other constitutional safeguards.

Article 7

Every person who is deprived of his liberty by arrest or detention shall have an effective remedy in the nature of habeas corpus by which the lawfulness of his detention shall be decided speedily by a court and his release ordered if the detention is not lawful. Habeas corpus shall not be abridged, suspended or abrogated except by parliament.

Article 8

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

Article 9

Every person is entitled to all the rights and freedoms herein set forth without distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Article 10

Any person whose rights or freedoms as herein set forth have been violated may apply for relief on notice of motion to the supreme or superior court of the province in which the violation occurred.

Article 11

The above articles shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled.

Both in the resolution now before us and in this draft bill of rights submitted two years ago we have that same concluding thought that the "above articles or amendments shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled". I submit, Mr. Speaker, that that final thought, that final idea, is an admission that over, above and beyond any written statute which we might have or any written constitution which might be prepared, there are rights and privileges which it is the intention to safeguard in this manner—that the "above articles" or any laws which might be written shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled.

The question might be asked, and I know this is a matter which has been before parliament and has been in the minds of the public, but it is the first question which came to my own mind in connection with this subject. Just how much agitation is there for such a bill of rights? How many people want this thing done? How many people want a bill of rights? I was surprised at the mass of public opinion, at the quantity of public opinion, of the numbers of our people who have in the past advocated the preparation and putting into legislative form a bill of rights such as is proposed. I gathered from a reading of the debate of two years ago that there were two petitions signed. I believe an hon. member on the other side of the house mentioned these petitions, one having 5,000 names attached to it—

An hon. Member: 500,000.

Mr. Thomas (Middlesex West): 500,000, thank you, and the other having some 600,000 names attached to it. I would now like to quote from the Prime Minister's speech a few remarks which were apparently accepted at that time since no objection was taken.

People say to me, what interest is there in the country in this subject? More than 800,000 Canadians have signed petitions on two occasions asking that Canada have the same protection for its rights and fundamental freedoms that 30 other countries with a federal system have, including India. The Canadian Daily Newspapers Association, a body with a membership of 86 of the 89 English and French language daily newspapers in Canada, representing 99.4 per cent of the circulation of all Canadian dailies,—

That is almost a clean sweep of our Canadian dailies, and this association of daily newspapers passed resolutions and submitted a brief to the government. Mr. Diefenbaker goes on to say:

I quote from the brief of the Canadian Daily Newspapers Association:

". . . the daily newspapers of Canada urge that consideration be given to a constitutional guarantee of fundamental human rights, it is because they are convinced these rights are insecure. They know that threats have been made to freedom of speech, freedom of the press and other freedoms in the past. They feel sure that threats will be made in the future".

Then, again, from the same brief:

"The Canadian Daily Newspapers Association submits that . . . constitutional safeguards . . . not only prove that freedom of speech and freedom of the press lack adequate safeguards in Canada, but place the representatives of this country in a weak position, open to destructive attack, in implementing the obligations of this country as a member of the United Nations in respect to human rights and fundamental freedoms.

The board of directors of the Canadian Daily Newspapers Association at a special general meeting in October, 1945 and in October, 1947, unanimously resolved that a statutory guarantee of essential freedoms might be covered in the following terms:"

The amendment suggested by the daily newspapers association are as follows:

"No act of the parliament of Canada nor of the legislature of any province shall abridge the freedom of speech, of the press or of assembly or of worship or the right to petition the parliament of Canada or the legislature of any province for the redress of grievances."

The Prime Minister goes on to say:

I believe that an amendment in that form might invade the powers of provincial legislatures under the British North America Act. Therefore I would not approve of such a course being followed until, as I intend to suggest later on, a submission is made to the Supreme Court of Canada.

In this brief of the Canadian Daily Newspapers Association the following appeared:

"In Canada we have been coasting insecurely upon British precedents and sometimes violating them—"

I think that is very important to note and I will repeat that brief statement.

"—in Canada we have been coasting insecurely upon British precedents and sometimes violating them, and in the light of Canada's membership in the United Nations and its responsibility as a member, the Canadian Daily Newspapers Association urges that the parliamentary committee on human rights and fundamental freedoms give favourable consideration to a constitutional amendment guaranteeing these fundamental freedoms."

Now in addition to the newspaper people an association of church organizations also prepared a brief. This association of churches included the Church of England in Canada, the Baptist Federation of Canada, the Churches of Christ, the Evangelical United Brethren, the Presbyterian Church, the Reformed Episcopal Church, the Ukrainian Orthodox Church, the United Church of Canada, the Salvation Army, the Society of Friends, the affiliated members of the Canadian Council of Churches, the national council of the Y.M.C.A., the National Council of the Y.W.-C.A. and the Student Christian Movement of Canada. I submit that when you consider the membership of these churches and organizations you must conclude that they represent a broad section of Canadian opinion. I continue:

On June 6, 1950, they set forth their views in their joint brief at page 341 of the proceedings of the Senate committee on human rights and fundamental freedoms:

We are prepared to support every honest endeavour to secure a Canadian bill of rights which will adequately safeguard the personal, social, economic and political rights of every citizen. We seek after and pray for a society in which freedom is the freedom of men who acknowledge responsibility to justice and public order, and where those who hold political authority or economic power are responsible for its exercise to God and to the people whose welfare is affected by it. We do not feel that it is the duty of our council to propose the practical measures which might or should be taken to establish a bill of rights. Nor do we suggest that the wording of this brief is the final language which should be used to describe these human rights and fundamental freedoms in a legal

document. We are convinced, however, that it is our duty and responsibility to declare that man, because of his worth in the sight of God, has rights which should be respected by all and safeguarded by law.

The Prime Minister then submitted the names of a number of clergymen, editors, university presidents and other educators who had presented the brief asking for the inclusion in our statutes of a bill of rights for Canadian citizens. All of this would, I think, indicate that there has been no lack of public pressure for such a bill to be included in our statutes.

Turning to the legal side of the matter this is, of course, where I run into difficulty because I have not been trained in the law. Because I am a farmer it has been my experience to be associated and work in conjunction with the laws of nature rather than with the laws of men.

It has been pointed out during this debate that there are two ways of guaranteeing human rights and freedom. One is the British system where for the most part the guarantee of human freedoms and rights is contained in the precedents and practices that have been established over the years in their legal activities. On the other hand we have the United States system where an effort is made to document and codify or spell out in words the fundamental rights and freedoms of individuals to the fullest extent which the legal fraternity can do. I have reached the point in my own thinking where I am not prepared to wholeheartedly endorse this effort to set out in words the guarantee of these rights and freedoms for the reason that merely writing these down and placing them on our statute books is no guarantee that they will be respected. Parliament is all-powerful and I am inclined to agree with the statement made by some of those who have discussed the effort to establish a bill of rights that it might not accomplish all that it intends to accomplish.

I draw the attention of the house to the last idea contained in these proposals. Those who are sponsoring such resolutions are extremely careful to point out that anything that is written in a proposed bill of rights must not curtail the rights which we already enjoy which is in itself an indication that any effort to put into words a bill of rights has inherent dangers and might weaken the position we already enjoy.

Mr. Knowles (Winnipeg North Centre): Are you still quoting the Prime Minister?

Mr. Thomas (Middlesex West): Not in my last remarks, no, but I am going to quote the Prime Minister again.

[Mr. Thomas (Middlesex West).]

Mr. Nicholson: It is the third time he has been quoted.

Mr. Thomas (Middlesex West): I know of no one whom I would prefer to quote.

Mr. Byrne: Unless it is scripture.

Mr. Castleden: The gospel according to St. John.

Mr. Herridge: It is the wrong bible.

Mr. Thomas (Middlesex West): The legal difficulty seems to be centred around the old and much discussed problem of provincial rights versus federal rights. When Canada was established as a nation certain rights were assigned to the provinces and certain rights were assigned to the federal government and I know of no responsible political leader at any level of government who suggests that we should forget this fact.

The Supreme Court of Canada which is the highest tribunal in this land had occasion to try a case in which this question was involved. I refer of course to the Saumur case. There was no great degree of unanimity of opinion in the highest court of our land in that regard which points up the difficulty we would have in undertaking to set out a bill of rights in the form of words. The Prime Minister referred to this case in the speech he made in this house on February 7, 1955 as recorded at page 902 of *Hansard* of that date, in these words:

I am not going into the judgment except to refer to the *Queen's Quarterly*, winter 1955, in which there is an article by Mr. Bora Laskin, professor of law in Toronto. It deals with the whole subject of civil liberties, and it summarizes the Saumur case in these words:

Three of the nine judges (Chief Justice Rinfret and Justices Kerwin and Taschereau) appeared to support this position.

The position was that the jurisdiction in this particular case, the Saumur case, was a matter of provincial authority. I continue with the quotation:

"Six judges may be said to have adopted this view". That civil liberties were outside of provincial competence.

"Of these, four (Justices Rand, Kellock, Estey and Locke) took the position that freedom of religious or other expression was outside of provincial power, and of the four, only two (Justices Estey and Locke) made categorical assertions in favour of exclusive federal power; the other two (Justices Rand and Kellock) left open the possibility that perhaps the dominion too could not, in certain circumstances, interfere with civil liberties. Two of the six judges (Justices Cartwright and Fauteux) took the position that such freedom (and more particularly freedom of the press) does not belong exclusively either to the dominion or to the provinces.

This extraordinary division of opinion creates a result which is as curious as it is unsatisfactory. A majority of the court holds that the provinces have some legislative competence in the matter of freedom of religious expression. Two-thirds of the

court hold that the provinces do not, at least in some circumstances, have such legislative competence. Only one-third of the court denies federal legislative competence on religious freedom. Yet less than a majority affirmed federal legislative competence on the matter."

This is an indication of the difficulty we would have in drawing up a bill of rights.

It is admitted that in recent years, in the lifetime of hon. members, our personal rights have been gradually eroded.

The Acting Speaker (Mr. Rea): Order. I must advise the hon. member that his time has expired.

Hon. J. M. Macdonnell (Minister Without Portfolio): Mr. Speaker, this debate so far has hardly been a debate at all; it has been a kind of competition in blessing the resolution and I in my way shall bless the resolution, but I hope to introduce an element of controversy because I am going to argue that our socialist friends, however highly we respect them, cannot possibly be in favour of freedom because they believe in absolute controls. If the hon. member for Winnipeg North Centre (Mr. Knowles)—

Mr. Knowles (Winnipeg North Centre): Will the hon. member keep a straight face when he says that.

Mr. Macdonnell: I shall prove it. If the hon. member for Winnipeg North Centre takes that without getting on his feet he is not the man I take him for.

Now, as I said, there has been an apparent unanimity, and I shall go so far as to say that I think the hon. member for Rosetown-Biggar (Mr. Coldwell), who is a very sincere man, when he proposed this felt that he was in favour of it, too. I shall satisfy him before I sit down, by reminding him of certain things he said in this session too, that he believes in controls to the extent that he is bound to interfere with the freedom which he blesses in this resolution. Now, of course, it is possible to define freedom in various ways and I suggest to the hon. member for Winnipeg North Centre, who I am sure will follow me, that he give us his definition of freedom and try to square it with the controls which he and his colleagues so ardently desire.

I listened with great interest to the hon. member for Rosedale (Mr. Walker), who is a very old friend of mine, and I think he covered this subject in an interesting and comprehensive way. I liked the history of the debates on this resolution which he gave us, I wish also to refer quite briefly to the speech made by the present Prime Minister (Mr. Diefenbaker) on March 24, 1952, because in his opening words he gave us an objective which everyone in every debate might very well take as his objective. He said, as reported at page 714 of *Hansard*:

> I hope that I and those who follow me may discuss this subject with those qualities which Mr. Gladstone so much admired in Lord Aberdeen when he said in effect that: Whatever he discusses, he discusses with calmness, judgment, knowledge and moderation.

It is difficult for me to suggest that the hon. member for Rosetown-Biggar lacked any of these things, and yet I am going to suggest later on that somehow or other there was a slip and that he is professing things today which do not square with some of these basic principles. I wish to quote further briefly from the speech made by the then member for Lake Centre in 1952. He said, as reported at page 715 of *Hansard:*

> The quest for freedom and the desire to maintain freedom and to assure freedom is not the monopoly of any political party—and it is in that spirit I speak. Internationally a declaration of great principles was made in 1945 when the preamble of the United Nations charter was drafted in San Francisco. The statesman who drafted that preamble was Jan Christiaan Smuts who some 30 years before had drafted article X of the league of nations.
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> I saw him draft that preamble, the first rough draft, on the back of a cigarette box, in the memorial hall in San Francisco. His life was a revelation of the meaning of British freedom. He had devoted his early life to fighting against everything for which the British commonwealth stands and, in his latter years, became the mouthpiece of the finest principles of our commonwealth and of democracy.

Again I quote briefly from page 716:

> Two world wars in one generation have created conditions perilous to the preservation of civil liberty. Indeed, the continuing world emergency since 1945 has been no less perilous to civil liberty. And Canadians, as well as peoples in other parts of the British commonwealth, must be assured that human rights and fundamental freedoms, placed in pawn as security for victory, or lost temporarily as a result of design by parliament, shall not be lost permanently because of the apathy or the failure of the people to demand their restoration.

It is a matter of interest and perhaps of something more, for us to recall this scene as described by the Prime Minister and the part played in it by Smuts, who had such an extraordinary career in so many ways; soldier, politician, philosopher, and other things as well.

I think we cannot consider freedom at home without considering freedom abroad. It is interesting to recall that as this century opened I suppose the general feeling of educated men was that freedom was going to expand and cover the whole earth. I think it can be said of the British in the 19th century, that they went about the world trying to give everyone what they at any rate thought was the greatest thing in the world namely, individual freedom and political

liberty. At the beginning of this century it seemed that the battle had been won and that freedom was going to spread over the earth.

I sometimes think that an incident, famous at the time, which happened in 1913, may be taken as the summit of human freedom, international freedom, freedom at any rate so far as what we call the western nations—by that I include the British commonwealth of nations everywhere—were concerned. It was an incident which some here will remember and some will have read about. It happened in Alsace. A little cobbler walking along the street was rudely thrust off the sidewalk and wounded by a Prussian officer. One cobbler, one officer, in the year 1913! A competent writer at that time said that this incident had shaken the chancellories of Europe. This offense to individual liberty and human freedom resounded throughout the whole world. It is almost impossible to believe that that happened but if you go back to the history of 1913 you will find that it did happen and that the man who used those words that shook the chancellories of Europe was hardly exaggerating. Since then millions of people have been treated far, far worse than was even dreamed of in the case of that cobbler.

I like to look back rather nostalgically to that time. The period of 1913 was just one year before the first world war. We all remember what has happened since. Now the United Nations is trying in the international sphere to give back to us some of that freedom that we lost—we all know only too well how it has disappeared in large parts of the world. I suggest that puts a special responsibilty on those who still have it to hold the banner high, to make it appear to those in the rest of the world that it is worth having. That comes very close home because it means that our representatives in every part of the world must so conduct themselves that people will feel that this freedom, this free way of life, means something in respect of our whole lives, particularly in respect of our behaviour and consideration towards other people. In effect, we have to be an example.

Some months ago I had the good fortune to be in the far east, in Malaya when the people were receiving their independence and becoming the tenth member of the commonwealth. I had never really paused to reflect before that four members out of the ten in the commonwealth are from Asia, and of course when you consider population the vast majority of individuals are from Asia. I was greatly struck with the fact that in Malaya they had a high regard for Canada. They told me it was very important that a Canadian ambassador should be sent to Malaya because he could help and be of use, and I am glad to say that has been done.

They thought that they detected in us a certain resemblance. They realized that we had two races and two languages. They realized that we too had asserted ourselves and won liberties from the British, from the centre of the commonwealth. They thought, as I say, that there was a certain resemblance to us. They made me feel again the importance of our example to these people who are trying to follow in the path we have trod for so long.

I had the good fortune to meet the members of their cabinet. As I thought of the task they faced, taking over as a going concern the full apparatus of parliamentary government without the background of the generations, yes, the centuries that we have had to learn how to make it work, I had the greatest admiration for them and I felt that they were facing a terrific challenge. Again I say that when such people are looking to us it seems to me that is all the more reason why we should cherish more and more the freedom with which we have been blessed and make it appear attractive to other people.

When I was thinking of these Asian peoples joining the commonwealth I asked myself this question: What is it that brings them into the commonwealth? A few years ago I would have found it difficult to believe that India, a republic, Pakistan, a republic, would wish to be comprised in the commonwealth of nations. We do not call it the British commonwealth of nations any more but just the commonwealth of nations. I was not able to think of any answer to my question except that these people felt deep down that we had certain spiritual things in common. Freedom, the dignity and the importance of the individual, which as we know mean nothing in totalitarian countries, mean something to us, and that was the only explanation I could find as to why these peoples cared to remain associated with the commonwealth. I think it is a great tribute to the British that they have been able to exercise rule for decades, in some cases centuries, and have so conducted themselves that when they left they did so with the good will of those they had governed, as I believe to have been the case.

I was very glad to hear the hon. member for Rosedale say one thing. He pointed out that what we are proposing to do is not easy. He advised caution and he posed certain questions which I thought were important. As a constitutional lawyer he would

realize the importance of that better than I do, but even a reformed lawyer like myself realizes that these questions are difficult and that when you begin to put things into writing you have to watch your step. It is one thing to have principles which you can argue and to which able judges can give effect, but it is another thing when you begin to write things out.

I was struck, for example, with the fact that in the declaration of human rights of the United Nations there are 30 articles. If I remember rightly, there are six paragraphs in the resolution now before us. They may be more comprehensive than the United Nations articles but these make a last formidable list. Lawyers will know that when you write things out, if you put down "a", "b", "c", "d", and do not mention "e", high priced counsel can argue various results from the fact that "e" is not in there and was not intended to be in there, and I am glad for that reason that there is going to be caution and that the matter will be approached not only with caution but with recognition of the difficulties.

On the other hand, the hon. member for Rosedale pointed out, and I think quite correctly, that there is a difference in our country from Britain. In Britain, with their long tradition, their homogeneous population and their single government, they have steered away from a written constitution. As we know, they have left a good many things unwritten. That has not been so possible here. The hon. member for Rosedale pointed out that at the time of the Quebec Act, the Constitutional Act, the Act of Union and the British North America Act it had been very important to put everything down in writing and it was very important to all concerned that everything should be in writing.

Something else has also happened. I think that a good many of our new Canadians who have come here and are living happily under our system are given a feeling of security by being able to point to things in writing. They cannot be expected to have the same great respect for tradition and custom as we have. Therefore it is not surprising that they may prefer to have things in writing. That is another consideration that I think we should have in mind when we approach this task.

However much we legislate, I think we will all agree that we cannot pass a law and then say that is that and forget all about it. It is just as true as it ever was, and it will be just as true no matter how much legislation we pass, that, to use a famous phrase, eternal vigilance is the price of freedom. Freedom can only be maintained by eternal vigilance. It will not be enough to say that the law has been passed and that that ends the matter, like the man who signed a note, and said, "thank heaven that is paid".

It may sound somewhat doctrinaire but I had a little experience which I think will bear out what I say. During the war I belonged to a civil liberties association, and it was very interesting to see the attitude towards that organization. We were regarded as very queer people, rather open to suspicion in belonging to any such organization. I remember going to a friend of mine, a highly respected citizen, and asking him if he would join. He said, "The first thing you know you will have the communists in there." I said, "My dear fellow, they are in there already". He said, "What are you going to do about it?" I said, "Well, all we can do about it is to get enough sensible fellows like you to come in and vote them down."

He did not think very much of that reasoning, and I might say he did not come in.

However, that was true during the war, and when the chips are down, when difficulties arise, the number of people who are really ready to dictate to others is surprising. The number of people who are ready to dictate what is and what is not to be taught in universities is surprising. I think a certain number of people whom I have met in the course of my life would be quite ready to dictate in that matter and say that certain economic views should be taught, while others should not be taught. My own feeling about that is that young people should be allowed to know what other people are thinking, and as long as those in professorial chairs do not become propagandists they should be allowed the maximum of freedom.

I said at the outset that I was going to consider myself charged with the duty of pointing out certain things to our socialist friends. I have great difficulty in understanding how they are able to subscribe to the text of a resolution of this kind. As I said before, it seems to me they believe in a doctrine which is quite contrary to the text of the resolution. They seem to me to believe in a doctrine which, so far as I can understand it, will involve definite controls. I recall, particularly in the debate on the address, that the hon. member for Rosetown-Biggar, whom I respect, made the suggestion that we might have some wartime controls back. I rather think he may have repented of that later, but I am not authorized to say that. I looked up a list of the wartime controls and found they were very formidable. I feel that perhaps he had forgotten how many there were.

At any rate, as I understand it, our socialist friends do believe in a measure of control. They believe in socialist democracy, but frankly I have always thought that to be a contradiction in terms. I have never been able to see how you could have the amount of control which they want to have without controlling people, far beyond what we do now. I am interested to observe that in England, so far as I can understand what is happening there, the view of the Labour party there is changing. Just three or four years ago, a meeting of the Labour party in Margate voted down a whole series of resolutions for further nationalization of industry. I have been interested to observe, that recently their new program has shifted from public ownership to public investment; that is to say, they are investing in the shares of companies so the public will have an interest in them. This seems to me to be very different from public ownership. I believe the Labour people in England have come to that conclusion.

This has been an entirely non-partisan debate so far, and I do not want to become partisan, certainly not in an acrimonious way. I thought perhaps I might arouse some comment on the other side, so we would not have a dead level of agreement on every point as we went along. I do not believe I have anything to add. I should like to go back and remind hon. members that the passing of legislation, if and when it comes, does not relieve us from the duty laid on each one of us in a democracy of pursuing the free way of life; supporting our laws which maintain it, and considering it our duty, in the phrase that I used before, to be eternally vigilant. As was so well said earlier, there are no people in the world more envied than we are, living as we do in comfort and whatever small measure of security there is in this world at the moment. I suggest very strongly indeed that many people are looking to us for an example in the ways of the west, and that in this matter of true freedom, liberty, we have a great opportunity and I hope we will live up to it.

Mr. R. M. T. McDonald (Hamilton South): I should like to take a few minutes to present some of the views I have gathered on this subject from talking to various people in my riding. The hon. member for Rosetown-Biggar (Mr. Coldwell) has proposed a bill of rights, and possibly such a bill will come at some future time. However, I really do not believe one member of this house, no matter how smart he may be, should have the right to propose a bill of rights to govern the Canadian people, because it may infringe upon the rights of the provinces which are guaranteed in the British North America Act.

I believe we are all taking part in this battle for human rights which probably has continued since the time of Adam and Eve, man fighting for his own rights.

In 1215, when Magna Carta was signed, groups of men went to the king to get him to write down on paper what the rights of the people were. During the time of William and Mary, in 1689, a committee of the British House of Commons was set up to look into the matter of writing a bill of rights. Then, coming to the reform bill, a time when all the reforms were going through, we find that man kept on striving to get a better way of life for himself. Even at the time of the Napoleonic revolution people put down this revolution because Napoleon, a dictator, had his Napoleonic code which the people did not believe was right. Then, we go on to the American revolution, the declaration of independence and the civil war. The civil war was fought to give Negroes freedom from slavery, and was probably the greatest fight man has ever had to keep a certain race from being enslaved.

These were all phases in man's fight for human rights. The communist bill of human rights sounds very well when it is written down. The first section states:

> All court cases are heard in public and the accused is guaranteed the right to be defended by counsel.

This, I believe, is probably one of the biggest laughs of the century. I do not believe Cardinal Mindszenty, who was persecuted for many years when the communists took over his land, was given the right to be represented by counsel. This attitude shows that it is not the words on the paper that are important, it is the interpretation of the words. The second clause in this communist constitution reads:

> Judges are independent and subject only to the law.

I think the judges are puppets in the hands of dictators who are pulling strings for their own political gain. The next clause reads:

> Citizens have the right to rest and leisure.

I feel it is very good of them to grant the people some time for rest and leisure, some of the time anyway. The next clause reads:

> Citizens are guaranteed by law: (a) freedom of speech; (b) freedom of the press; (c) freedom of assembly, including the holding of mass meetings; (d) freedom of street processions and demonstrations.

Freedom of speech is something you just do not have in Russia. If you whisper a little bit, the informer next to you will probably be telling on you. When it comes to freedom of the press, they have freedom of the

press because they have only one press. When it comes to freedom of assembly, they have their big meetings but if three or four people sit down to talk that meeting is broken up and the people are arrested. There is freedom of election by secret ballot in Russia, but in the constitution they forgot to mention that there would be only one set of people for whom to vote so whether or not the ballot is secret I do not believe that is the democratic way. So far as I am concerned, the Russian bill of rights is just a farce.

The British North America Act was first enacted to protect the provinces against federal interference. I think the federal government and the provinces have been striving for the betterment of human rights. I am not at all convinced at the moment that a section dealing with human rights should be placed in the British North America Act. If certain acts have been committed against individuals or groups of people, and they have not been corrected, I think it is up to any member in this house to go to the Minister of Justice (Mr. Fulton) and have the Criminal Code rectified before we start tampering with the British North America Act.

I personally believe—although I am not a lawyer but in talking to some lawyers this is the opinion I have formed—that a bill of rights should not be included in the British North America Act but should be a statute of Canada. In Great Britain they do not have a proper constitution. They have probably four main acts written down on pieces of paper that put together form a constitution. That shows the way in which a free democracy can go ahead and work out things without properly written down acts within one piece of paper.

It might also be pointed out that in 1940 at a meeting on the Atlantic ocean Roosevelt and Churchill drew up the Atlantic charter and put forth the principles in the free world that I think it will be well for us to reminisce on just for a moment or two. If those principles were followed in, let us say, a bill of rights for the whole world, I feel sure we would progress a little further in our striving for peace. They stated that countries should not take any territory from any person that they did not have before the war. That is the first thing that is wrong; Russia has so many satellites now that she did not have before. They were not even looking to a future of peace; they were looking for a political communistic grab.

One principle was: no territorial changes that do not accord with the wishes of the people involved. The millions of people that the Russians have under their thumb today show anyone in this house that the Russians are not interested, I do not think, completely in peace. Perhaps some of the Russian people are interested but the dictators who are at the top want power.

Another principle was: the right of all peoples to choose their own form of government. I feel that democracy is the greatest thing which we have today. It has been stated that there are free elections in Russia. It is quite true they have free elections because they have only one party to vote for.

Another principle was: the enjoyment by all states of access to trade and raw materials. I sincerely hope that this will be kept in mind by the United Kingdom and the United States along with Canada so that we shall open up this market of trade to keep within the bounds so that no one will be economically strangled.

Another principle was: economic collaboration between nations. That probably refers to the amendment I just read.

Another principle was: freedom of the seas. I think that fairly well explains itself. This is only one set of rules or regulations or rights in which two great men were looking to the future of the world and its protection. I think if we take a little bit of heed of these few amendments or resolutions which they put forward it might be better for all of us.

I should also like to take this opportunity of asking the hon. member for Rosetown-Biggar in closing this debate if he would answer a couple of questions which I think will probably need answering. In section (a) he refers to abridging freedom of speech and expression. I wonder whether he is thinking about freedom of speech in case of war. I feel that in all this bill of rights people must be responsible. We must have a keen sense of responsibility towards the nation. When he wrote this resolution out I wonder whether he gave any thought to any deterrent to freedom of speech in the case of war or in the case of top secrecy.

In section (c) he referred to excessive bail. I do not quite understand what is meant by excessive bail. Do you mean that if a man is making $60 per week and another man is making $200 per week and they are tried for some crime you become discriminatory about bail just because the other man is at a lower wage? I should like the hon. member to explain that matter briefly.

Also in section (c) reference is made to cruel or unusual punishment. Surely, if the hon. member for Rosetown-Biggar has any knowledge of this in Canada, he should immediately inform the Minister of Justice so that this situation could be rectified and then put into a bill of rights.

The word "unreasonable" used in section (d) is I think an incorrect one. "Unreasonable" to different people means many different things and you are leaving it too much to the discretion of the person who might be prosecuting as to what the word "unreasonable" means rather than putting it on the basis of law. These are only some of the things that I feel should be looked into very assiduously.

I should like to come back to the British North America Act for just a moment. I do not feel that this should be put into the British North America Act. I believe that the British North America Act is there to protect the provinces against the federal government. This House of Commons would have to go to the British House of Commons for permission to make any change in the British North America Act. If we are to change this British North America Act now we are going to have to go and ask their permission.

I believe we are a country which stands on its own two feet with the basic principles of British democratic government. If we go ahead and have a bill of rights as a statute of Canada, and if we do this standing on our own two feet and not having to go and ask anyone's permission, I think it will be better for ourselves and for the Canadian people.

I also feel that a formal committee should be set up to look into this matter, not perhaps of politicians of the provinces or politicians of the federal government but of law officers representing all the provinces across Canada and the federal government so that when this bill is drafted we are not going to have 100 amendments in the second year but are going to have a piece of paper that contains words that achieve the objective for which we are striving, namely to protect the people with regard to all the freedoms they have. We probably have four basic freedoms, namely freedom of religion, freedom of speech, freedom of the press and freedom from fear. I hope that in Canada today we shall look to these four freedoms as the basis of a charter for the whole world and that some day, maybe even before we are all gone, the whole world will be joined together recognizing the four freedoms basically laid down and will get together for peace.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I am happy to have the opportunity to participate in this particularly important debate. The subject matter is one which has been close to my heart for a good many years. Before taking my seat in parliament I occupied one of the chairs to which the hon. member for Greenwood (Mr. Macdonnell) referred some time ago, and these principles and ideals that are being discussed today were very much part of the subject matter which occupied my mind for a good many years.

It is also a distinct pleasure for me to participate in a discussion of this subject as I am a member of a party which is led by the outstanding Canadian in this field of thinking and in this ideal. I may also say that it was my experience to witness an extremely important epoch in the history of Canadian politics and in the life of Canadian parliamentary institutions. Some months ago I sat in the gallery of the House of Commons of Canada throughout the so-called pipe line debate. Surely this was a question which dealt with one of the fundamental political freedoms in this nation of ours. I am sure that no one could witness that episode and be unaffected. I can say, as did the hon. member for York-Scarborough (Mr. McGee), that that episode is linked very intimately, directly and definitely, with my presence in this assembly today. I may say that while I have been most moved and impressed by the references which have been made to it, I am somewhat surprised—and indeed I think a bit shocked—that no voice has been heard from the party which calls itself the Liberal party.

Even the root meaning of the word "liberal" and the relationship of that word to freedom would surely prompt anyone to believe that this party, of all parties, would be fundamentally interested in such a matter, if not as large "L" Liberals surely as small "l" liberals. We have heard recent suggestions and post mortems indicating that there is a difference between the large "L" and the small "l" variety.

It is most encouraging to have a day devoted to such a topic as this. Canadians have not been much given to discussion on such questions. We have heard reference today to the fact that this matter has been discussed for 12 years or so, yet we have been a nation much longer than that and this is surely a fundamental question. We Canadians are a pragmatic people given to empiricism rather than idealism. We are not strong on consideration of such abstract questions as the nature of liberty and the underlying bases of freedom. Our history and our tradition seems to reveal this pragmatic and practical approach. It is therefore, I think, extremely uplifting and altogether satisfying for a representative of the Canadian people to see that the attention of the national legislature has been focussed on this question upon such a high plane as it has been today.

Some nations delight in high-sounding principles about the rights of man and of the citizen. In the written constitutions of many countries of the world there are a long series of grandiose statements dealing with lofty theories and high-sounding principles. The United States constitution, which is certainly not by any means an elaborate or extravagant document—indeed it is in comparison with many others short, brief, concise and succinct—begins like this:

> We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this constitution for the United States of America.

One finds throughout that document similar references to the ideals of liberty and the rights of the citizens—indeed, in the United States it is possible for people to become quite lyrical in their emotional attachment to their constitution.

In Canada there is very little of that attitude towards the British North America Act. Of course it would be unfair and improper to regard the British North America Act as the constitution of Canada, for it is not. It is merely a part of the constitution of this country; an important part, albeit, but certainly not the constitution in toto. We would look long in the British North America Act for anything to parallel the brief preamble I have just read from the United States constitution. We would look even longer if we sought such a glowing expression as that which opened the Declaration of Independence as follows:

> When in the course of human events it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the laws of nature and of nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.
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> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed,—

Of course we have in that document a reflection of the classic statement of eighteenth century liberalism, with a small "l". While we perhaps in our history and tradition lack the embellishments and decorations which adorn the written expression of political theory in other countries, no one would think we in this country are any less free than are the citizens of the great republic to the south or any of the other republics which have at one time in their national careers expressed their aspirations and their longings and their political points of view in the high-sounding principles of a constitution.

During the years our citizens have enjoyed all the civil and political rights just as fully as have the people of the United States. We have drawn our heritage of freedom from Great Britain, where much—not all but much —of the constitution is of the unwritten type, coming down from precedent to precedent through the ages marking the evolving struggle for political liberty. I think it is quite true, as was once expressed in this house, that the essence of Canadian constitutionalism may be found in the preamble of the British North America Act wherein the provinces named have expressed the desire to be federally united with a constitution similar in principle to that of the United Kingdom. By invoking that ancient and honourable constitution we have underwritten our own political liberty and have established the foundation upon which to develop a Canadian democracy.

At six o'clock the house took recess.

AFTER RECESS

The house met at eight o'clock.

Mr. Macquarrie: Mr. Speaker, at six o'clock I was discussing the fundamental aspect of the Canadian constitution as being that which derives from the ancient and honourable constitution of the United Kingdom, a large part of which is in the unwritten tradition. But of course behind the British constitution there is much in the record of democratic development which carries us back to the earlier days of western liberal society. The Greek concept of law, the Hebraic ideal of morality, the ethic of Christianity, the ceaseless struggles of the intellectually emancipated. All of these have contributed to the mosaic of political and civil liberty which was well developed when Canada was born and from which we have derived so much. Those imperishable charters of English liberty, the Magna Carta of 1215, the petition of right of 1628, the bill of rights which came 60 years later, the habeas corpus act, the various electoral acts and franchise acts, Lockes' criterion of the consent of the governed; Rousseau's theory that the will of those who are governed must be expressed and reflected in the laws under which they live and under which society is operated, all of these things and many more are our ancestors in the development of political democracy and civil liberty.

Always, however, there has been a struggle between freedom and tyranny. The stream of

political liberty has never flowed easily nor swiftly. The divine monarch, the absolute despotic tyrant of one age is replaced by the demagogic dictator of another. The police state or the dictatorship of an omniscient and omnipotent party are modern manifestations of the old aspect of tyranny with which those who loved and fought for freedom down through the ages have had to contend.

Happily we in this land have a heritage of political and civil liberty which we must and do cherish and yet while we are a democracy and have strong institutions it would be unwise to take those institutions or our form of government for granted. "It cannot happen here" is the foolish platitude of the unthinking and democracy is never preserved by unthinking people. We must re-examine and re-assess our political structure from time to time. That is why I say it is valuable for the legislators of this country to spend their time as they have spent it today.

Things have happened in our age in various countries which should disturb us. Sometimes these things have happened in our own land. One cannot view with equanimity the whole story of the famous spy trials in Canada however justifiable the ultimate end may have been. Nor can our conscience as Canadians be altogether clear when we recall the whole story of the treatment of Japanese Canadians. There are a number of other instances of the improper use of power against individuals which should be pricks to our conscience and spurs to our thinking as democratic people. The fact that we may not have been personally involved in such instances is all the more reason why we should be vitally concerned and disturbed. It is wise and necessary to do what we are doing today and I congratulate most heartily the mover of this resolution as one who has followed others in this house in bringing forward a review of these important matters.

We are in the tradition of the unwritten constitution. Much has been told and said about that. The unwritten constitution with its flexibility has much to commend it. Yet sometimes I fear that perhaps in our genuine respect and reverence for the unwritten constitution we occasionally may be somewhat loath to commit to a document some especially valued principle of government. I therefore do not take the view that written constitutions are always necessarily less satisfying than unwritten constitutions.

The role of written law has been profound in the history of man's political development. A great step was taken in western society when law became written, indeed when it became known. In the earlier days the law was known only to a very few, to the wielders of political power; the rank and file of the citizenry knew it not. When the 12 tables were made available to the public, when the commandments were made known, when the work of Draco and Solon in Greece became available to the citizenry one of the first and greatest steps was taken towards the development of a democratic society that was that the laws which affect all should be made known to all. This was a tremendous step forward, a great advance. It represented something to which a citizen could appeal, a body of knowledge with which he could become acquainted.

It may indeed be that we have reached a stage where some of our fundamental principles of government, some of our civil and political liberties might well be inscribed in some form and defined, perhaps in the way suggested by the hon. member for Rosetown-Biggar or in some other manner previously suggested. Therefore I think there is much reason in the suggestion that has been put forward today. I would even say that there are things in the spirit and temper of our time which give some urgency to this matter. It seems to me that we live in an era which is marked by the atomization of the individual. We live in a world of great agglomerations of power whether it be in the business field or the great federations of unions or what have you. There is the tremendous aggregation of power in contrast with the puny individual which is indeed a shocking contrast and one which cannot fail to stir and disturb us. We live in a society, too, in which the mechanizations and devices of mass coercion and regimentation have been advanced to a degree of technological excellence never before attained. We speak of living in an age of mass culture when it is so easy to get across to the mass the ideas, the devices, the techniques, the habits and even the slogans of those who are able to control the media of mass communication. There is then, I say, a tremendous challenge to the individuality of the person.

Then, too, there is another aspect which I think adds urgency to this suggestion, that because of certain things in the international field there are reasons for feeling fear. Fear breeds irrationality and quite often under the stress and strain generated by fear and uncertainty some things which in more normal times we cherish and prize may elude us, may pass out of the picture. I think we can recall in recent years that in the western world there occasionally have been manifestations of exactly this kind of irrationality which erodes some of the fundamental liberties of the people in a democratic state.

Yet I think it is important to look at this whole matter very carefully and very realistically. I am tremendously impressed with the idea. However, there are certain cautions which we must not overlook. Perhaps it is unfortunate that we in this country have not yet attained that status whereby we can amend our fundamental organ of government, our constitution. We have not yet been able to find a very satisfactory or workable way of doing that.

It is difficult to know just how this resolution could be made operative in relation to the present status of the British North America Act and the somewhat divided amending process which we now have. I would certainly not hazard the suggestion that what is involved here comes purely under the federal area of jurisdiction. I think I might find others supporting my doubts in this matter.

I have mentioned the idea that certainly one cannot place full confidence in the written law. There is the danger, too, of overemphasizing the importance of a written law because sometimes when we designate, record, set out section by section, laws, aspects of our freedoms, liberties, or what have you, it often happens that we are really limiting our freedom in that through the process of time those things which are set out in the words have gradually become the sum total of that freedom. If we were discussing section 91 of the British North America Act I am sure we would find ample justification for this line of thinking. Then, of course—and I think this must always be considered whenever legislators, or anyone else, talk about amending laws—behind the law there is the spirit. The letter of the law, in Montesquieu's great words, is not enough. His "The Spirit of the Law" is, of course, a classic in this field. We speak of law and order. Actually, as society develops, the order should be reversed to read "order" and then "law".

We have many examples of countries which have the most elaborate and seemingly foolproof statements of civil liberties, and yet look at the functioning of political society in those countries. We find that those liberties are not guaranteed and they are not operative. I think we might see that in the United States which has a magnificent constitution and a splendid statement of the liberties of the subject. We have found many times that those liberties are not real for certain sections of their society. One can think of recent incidents which would underwrite that line of thinking. They have amendments galore, well thought out amendments, but the curtailment of liberty still exists and often the law enforced by the power of the state does not at a given time effectually guarantee that these are in reality effective for the people of the country. However, I do not fear the spirit of our democracy, but merely caution that laws alone are not enough.

I agree with the excellent suggestions put forward by the preceding speakers. I was much impressed with the statement of the parliamentary assistant to the Minister of Justice (Mr. Walker) and I might say of him, as of the hon. member for Vancouver-Kingsway (Mr. Macdonald), that the contention that is sometimes made that there is a distinct difference between legal English and good English does not apply in this case at all. I certainly enjoyed their excellent discussions of the subject. I am happy, and sincerely happy, that the government of this country is headed by an outstanding exponent of what is sought in this resolution and what has been advanced by the speakers today. I think the idea which is sought here is nearer fruition and realization at this time than at any previous time it has been discussed in this house. I think the procedure which has been outlined by the parliamentary assistant to the Minister of Justice shows a realistic appraisal of, as well as a sincere dedication to the essential subject matter of this resolution, and I am delighted that such a statement has been made. I am very happy to congratulate all those who have put themselves behind it so magnificently as they have done.

(*Translation*):

Mr. Alexis Caron (Hull): Mr. Speaker, as one of the representatives of the province of Quebec, I wish to take part in this debate. Ever since I have been a member of this house, I have read and reread the resolutions on human rights introduced by the hon. member for Rosetown-Biggar (Mr. Coldwell) and also by the hon. Prime Minister (Mr. Diefenbaker) when he was a member of the opposition. I thought that the introduction of such resolutions afforded hon. members a marvellous opportunity to deliver a few flamboyant speeches to make themselves out as the genuine defenders of the human race.

It is all very well to talk about freedom of speech, freedom of religion, freedom of the press, the right of free association, the protection under the law of all our fellow citizens, white, black, yellow, Catholic, Protestant or Jewish; or to object to excessive bails or even to prohibit exile; or to fight against unjustified interference in family affairs, in private correspondence and many other things which are found in this resolution. But is it really necessary to

include in our statutes a new resolution when everything has already been provided for since confederation, and even before that?

Some of our rights were guaranteed by the treaty of Paris as far back as 1763; unfortunately, those rights were not always respected. While this treaty guaranteed to minorities the right to speak their language, to practise their religion, to teach their language not only in one part of this country but in the whole British colony of that time where human beings speaking either French or English were living, we know what happened. It is only in the province of Quebec that those rights were respected, not because they were recognized by the British North America Act, but only because, with their sense of justice, the people of the province of Quebec wanted all those who live within our borders to enjoy equal rights. As a matter of fact, in spite of the guarantees which we were given by the 1867 constitution, as well as by the treaty of Paris, did we not see, a few years after confederation, the Catholics of New Brunswick deprived of the right to teach their religion? The case went before the courts. The courts decided then that those rights were guaranteed by the constitution, in so far as they existed before the adoption of the act of 1867. However that right not having been recognized in New Brunswick where, up to that time, it had been enjoyed only in a spirit of kindly tolerance, the courts decided that Catholics were not entitled to their schools or even to religious instruction in them. Sir Georges Etienne Cartier did not wish to intervene to impose the federal government's views, in spite of the fact that the federal government still enjoyed the right of veto. He did not wish the federal government to interfere in a field which up to that time, had been considered as exclusively provincial.

Then we have witnessed the struggle of those who, not because of laws or because of treaties, but only because of their inner convictions, fought for those rights which were theirs by natural birthright.

In 1871, when Manitoba became a province of Canada, Sir Georges Etienne Cartier, who remembered the error made in New Brunswick, had written into the constitution of that province the same principles that existed in Quebec with regard to minorities. That was all right at that time. However, in spite of Sir Georges' goodwill, the existing law was ignored in 1891. The case was brought before the courts. The decision of the lower court having been reversed by the court of appeal, it was confirmed by the privy council. Nevertheless, although the minorities had won their case before the law, even with the treaties, this law was disregarded and the rights of the French-speaking Catholic minority of Manitoba have been curtailed.

Was it intended that the federal government raise an army and invade the province to apply the law? That was impossible and impracticable. There were representations and parleys for the purpose of obtaining a few concessions, but without much success.

In 1897, following numerous negotiations, Sir Wilfrid Laurier managed to obtain very minor concessions. It was, however, a beginning.

In 1913, in spite of the law and treaties, the province of Ontario adopted its famous Regulation XVII, barring the teaching of religion and of the French language from the school program. I still remember this famous struggle where we saw Ottawa mothers joining forces at Guigues school to prevent female teachers from Toronto from invading our schools, and when some teachers worked two years without a salary in order to preserve a natural right. Well, it was only by dint of struggling, and struggling again that our people secured certain concessions with the result that today, in the province of Ontario, the situation is getting better and better.

Later on, in 1928, Mr. Anderson, leader of the Conservative party in Saskatchewan, denounced the Gardiner government for tolerating the teaching of the Catholic religion in schools. Through unremitting work Mr. Anderson succeeded—and the present Prime Minister of Canada knows something about it—in poisoning public opinion. There again, in spite of the rights of people and of treaties, they succeeded in having the crucifix —not a Roman Catholic but a Christian symbol—banished from the schools as well as in having the religious orders prohibited from wearing their uniforms. Fortunately, once again, thanks to the energetic protests of our people, ground was gained gradually and our people obtained some concessions which they now enjoy in Saskatchewan.

Today the same situation is found in British Columbia. We have heard of what has happened at Maillardville. In spite of laws and treaties, when goodwill is lacking, a way is always found to circumvent them.

Mr. Speaker, I claim that if we were to add to our statutes the proposal brought before the house today by the hon. member for Rosetown-Biggar, we would in no wise be improving matters. It would merely clutter up our statutes with laws which would be respected only when the

majority in a province or in this country as a whole will have acquired an instinctive respect for the minorities. It is the mentality which is bad, and there is no shortage of legislation. All the necessary laws are there in our statutes. It is only a matter of enforcing them. And when they are not clear they can be referred to the courts which generally interpret them properly.

To return once more to the treaty of Paris, as I was saying at the beginning of my remarks, there was only a small number of French Canadians at the time, only about 60,000 of them who had remained after the conquest. History records that the rich and the noblemen had left Canada to return to France, leaving behind 60,000 subjects, 90 per cent of whom did not know how to read or write, though among them were a few priests. In spite of that, with the tolerance of the British government, a tolerance which we are pleased to recognize and for which we are thankful, they managed to maintain their natural rights. Today there are about 5,000,000 of us. Though we still meet with difficulties, we manage to surmount them, not by revolution, not by open battle, but by a constant constitutional struggle to safeguard rights which are ours and which we must cause to be respected in spite of everything, since the treaty of Paris applied not only to the province of Quebec, to Lower Canada but to the entire territory controlled by England at the time, that is from the Atlantic ocean to the Pacific ocean.

In my opinion, those difficulties arose because this is a young country and, in a young country like Canada, there are always, on the side of the majority as well as on the side of the minority, in any English province as well as in the French province of Quebec, certain elements of fanaticism which try to achieve prominence in the political field or elsewhere by stirring the passions of the masses, and to set themselves up on a pedestal while trodding upon others.

Well, this situation will continue for a few years and I am convinced that even if we inserted in our statute books the amendment proposed by the hon. member for Rosetown-Biggar, nothing worthwhile would be accomplished. Moreover, as the hon. member for Winnipeg North (Mr. Stewart), said the other day, this resolution is but a cliché, because it is only a repetition of what has been adopted by the United Nations, a repetition of what already exists in the constitution of the United States. Yet in spite of that document, in spite of that guarantee of human rights in the United States, we saw a short time ago how the Negro minority is being dealt with there. Because some men were born of a different colour, they had to fight for their natural rights. We saw what happened a short time ago at Little Rock, in spite of the fact that the United Nations had accepted to guarantee human rights, and that Soviet Russia had recognized that same principle, because we know that the freedom to teach does exist in Soviet Russia in so far as the professors teach marxism all day long and nothing else.

Mr. Speaker, in my remarks, I wanted to avoid the approach of some members who today attempted to make political capital out of this debate.

Someone inquired, this afternoon, why we on this side of the house did not take part in the debate. Well, Mr. Speaker, that is what prompted me to take part in it.

(*Text*):

May I be permitted to answer the member who, if he did not say so clearly, seemed to claim that those to your left, Mr. Speaker, were not participating in the debate. The reason for that is we have our own views. We have discussed the subject before in previous parliaments, and we know what we think about it, and about having numerous laws that are not really necessary. I am reminded of certain facts which came to light at a press conference on January 27, 1955, the chairman of which was Blair Fraser and the members were George Bain, Toronto *Globe and Mail*; George Langlois, Montreal *La Presse* and Stanley Burke, Vancouver *Sun*. At that time the panel was asking the present Solicitor General (Mr. Balcer) what he thought of a resolution brought forward by his chief, the present Prime Minister (Mr. Diefenbaker). I quote:

> Mr. Langlois: Coming to another subject. Your colleague, John Diefenbaker, has been trying for years to have a bill of rights written into our statutes or our constitution to protect individual citizens' rights and prevent them from being infringed upon by any government including provincial governments. What is your opinion on that?
>
> Mr. Balcer: Well, I think, I mean there is a lot to be said, I mean; I agree with what Mr. Diefenbaker has in mind, I mean.
>
> Mr. Burke: You do not think a federal bill of rights would be an invasion of the provincial field?
>
> Mr. Balcer: Oh, yes, I mean I wouldn't like, I mean, to use a federal bill of rights to infringe on the provincial rights.
>
> Mr. Langlois: Could we have ten or eleven bills of rights?

Mr. Balcer: It might be the answer, I mean.

Mr. Burke: But if they differed then you would have different civil rights on one bank of the Ottawa river to what you had on the other bank. Is that what you would advocate?

Mr. Balcer: No, I don't think, I mean, they would be so different, one from the other, if they were provincial civil rights, I mean. I doubt very much—I think what you have in mind is that, I mean, Quebec for instance might—I think these laws, I mean, the effect of these laws have been exaggerated.

Mr. Langlois: If you are in favour of a bill of rights don't you think we should have one bill of rights that could suit all Canadians?

Mr. Balcer: As long as it doesn't infringe on provincial rights.

Mr. Fraser: Who is to decide that? That is the point at the moment. Mr. Duplessis has a law restricting the rights of Witnesses of Jehovah to proselytize; what do you think of that?

Mr. Balcer: Well, that is, you see, I mean the Witnesses of Jehovah were, I mean, as far as Quebec is concerned, I mean they were really embarrassing people and so forth.

I believe that I said what I thought in French, and with or without civil rights being guaranteed in this country I was clearer than the Solicitor General was in answering those questions. If there is a vote on the matter, I shall vote against the resolution.

Mr. Jack Wratten (Brantford): Mr. Speaker, in rising to speak on this proposed bill of rights this evening I should like to express my congratulations to the hon. member for Rosedale (Mr. Walker) who gave us a splendid explanation of this measure this afternoon when we first started this debate. I must confess that I spent considerable time yesterday afternoon and last night reading the various things that have already been said here in this house.

In speaking to this motion about human rights I find that this subject has been the source of long debate in years gone by. I find that similar motions have been sponsored by our own Prime Minister (Mr. Diefenbaker) on more than one occasion. I find also that the sponsor of this resolution, the hon. member for Rosetown-Biggar (Mr. Coldwell), supported proposed bills of rights on former occasions when they were before the house. I find also, by reading back issues of *Hansard,* that our Prime Minister, then the hon. member for Lake Centre, first brought to the attention of this house the need for a bill of rights on March 7, 1946, in the form of an amendment to the citizenship bill that was before the house at that time. Throughout subsequent sessions this subject has been repeatedly brought forward.

In one previous debate on this measure, on December 4, 1951, at page 1561 of *Hansard,* our present Prime Minister gave another very effective speech on the need for a bill of rights. The minister of justice at that time, Mr. Garson, made a statement on the same issue and said:

If, as he contends,—

Referring to the present Prime Minister.

—the law of Canada is at present defective in the matter of protecting human rights and fundamental freedoms, what is required is something which he himself has advocated on a number of occasions—a bill of rights.

I find also that on March 24, 1952 a considerable debate took place again on a proposed bill of human rights, and quite a number of members from all parties took part. Again our present Prime Minister led off in the debate, and I should like to quote some parts of his speech which I believe will be of great interest, not only to myself but to all new members in the house. On page 715 of *Hansard* for March 24, 1952, I find this:

I am not going to review in detail the historical development within our country of the concept of freedom. It is represented by those great charters—Magna Carta, the Bill of Rights, the Petition of Right, Habeas Corpus, and the Quebec Act and the British North America Act, peculiar to our country; and by the Statute of Westminster, whereby all dominions of the British commonwealth became equals with the United Kingdom.

Then, he goes on to say:

The quest for freedom and the desire to maintain freedom and to assure freedom is not the monopoly of any political party—and it is in that spirit I speak.

Then, he goes on to describe the contents of the bill of human rights as passed by the United Nations at San Francisco and subscribed to by the government of Canada. There is no doubt that we in Canada enjoy a true sense of liberty that is unequalled in any part of the world. This makes it imperative that all our freedoms be preserved.

Farther on in this address I found a few lines that explained the fundamentals of just what this bill meant to us, and I quote again from page 720:

Someone may ask what a bill of rights would do. A bill of rights would deny the right of any majority to interfere with my serving God as my conscience demands. It would deny the right of any government to interfere with my right to speak or write so long as I did so within the law. It would deny discrimination against any person because of his race or colour.

Farther down, he said:

A bill of rights would re-define the landmarks of liberty, which are almost erased as a result of the pathways of war becoming the permanent highroads of peace. It would give positive evidence that when Canada, at the United Nations assembly two years ago, accepted the universal declaration of human rights, that acceptance was a dedication of the Canadian people not only internationally but nationally as well. It would make parliament more careful before passing laws that would have the effect of suspending or interfering with freedom. It would mobilize the spiritual things of life

without which neither nations nor men can live a full and abundant life. Above everything else, it would make Canadians freedom conscious. As Canadians we pride ourselves on our Canadianism and how full, ample and free we are. Why is it that Canadians have not been given the equality with British subjects in the United Kingdom, in relation to actions against the crown in the courts of law? The time has come to raise the right of Canadian citizenship, and to place Canadians on equal footing with the Queen in courts of law, with the right to take any proceeding against the crown without consent of the crown, other than proceedings in respect of the armed forces, or under the Post Office Act.

Several other hon. members spoke that day in favour of this bill, including the hon. member for Rosetown-Biggar who is sponsoring this present bill today. Some spoke against it, as is always the case. It seemed that the chief criticism of this bill was the infringing on rights of provincial and municipal governments. I was quite intrigued by one hon. member's objection in that while he wanted all the freedom possible for the press with which he was closely associated, he wanted the radio and the C.B.C. to be very closely censored as to what they broadcast.

I was interested to read the text of the resolution passed by the United Nations, so I procured a copy of it from the library. I should like to thank publicly the staff of the library for the fine help and co-operation which they always so cheerfully give to the members of this house. I presume that the preamble to this declaration has been quoted often in this house but it is so important that I feel it would do no harm to have it on record once again. The declaration to which we as Canadian people subscribed and which was passed by the United Nations reads as follows:

Human Rights

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind, and the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want has been proclaimed as the highest aspiration of the common people,

Whereas it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law,

Whereas it is essential to promote the development of friendly relations among nations,

Whereas the peoples of the United Nations have in the charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom,

Whereas member states have pledged themselves to achieve, in co-operation with the United Nations, the promotion of universal respect for and observance of human rights and fundamental freedoms,

Whereas a common understanding of these rights and freedoms is of the greatest importance for the full realization of this pledge,

Now therefore

The General Assembly Proclaims

This universal declaration of human rights as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of member states themselves and among the peoples of territories under their jurisdiction.

The declaration has some thirty articles in it for the full context but it has been summarized very well in the bill by the hon. member for Rosetown-Biggar. I should like to comment on some of the paragraphs in this bill. We in this country have the widest latitude possible in freedom of speech. In fact, I do not believe there are any objections to people holding forth on whatever views they have so long as it is not advocating the overthrow of our democratic government or libelling some other person. I believe this is as it should be. They tell me that in London, England, in Hyde Park, you can walk around and hear numerous speakers talk on practically every subject imaginable and that also they have the protection of the police from being molested while doing so. This gives the individual a chance to let off pent-up feelings. If he has listeners, that is all well and good. If not, he can soon shut up and go home, but at least he has had the opportunity to voice his ideas to the general public.

Freedom of the press is another privilege which we have and which we should cherish and jealously guard. When I mention the press, I mean any means of giving or distributing news to the general public. I believe the general public are well aware that the press should have access to the news in order to distribute it to the people. This was amply demonstrated, in my opinion, by the people of London, Ontario when, even after a judge had ruled that certain civic information could be withheld from the press, the electors defeated the sitting mayor who supported this way of doing things, I understand, and withheld the information, and returned a man who advocated free access to civic information as the people's right.

This curbing of our right sometimes creeps in in the censorship of books and articles that are considered by certain individuals to be unfit for Canadians to read. In my opinion, this matter needs very careful consideration because what offends one does not offend another. No true free Canadian likes to feel that somebody has the right to say "You shall read this" or "You shall not read that". I believe that the curbing of obscene books and

literature lies right in our own hands. If the public would not buy them, the books would soon be off the stands and out of the stores. But it seems that the best way to promote the sale of this trash is for the announcement to be made that it is banned and is unfit to read. When this happens the sales soon soar. We know there are numbers of books that we as parents do not want our children to read. If the parents take an interest in their children's reading habits I believe this could be avoided.

Freedom of religion is another right that has been fought for over a long period of years. I believe that nothing touches a person quicker than to try to force him or her to change his or her religion. We in Canada are supposed to have this freedom, the right to worship whom we please and in whatever way we please. We do not have the violent open opposition that some denominations have had to endure but it shows up in some sections of our country in more subtle ways. While we all do not think alike along this line and while we have different ideas as to the right way to worship, we should respect the other person's point of view and they should not be denied their right to worship in their own way.

I believe, in looking back over history, that it has been the persecution endured by the different denominations which has made them strong and great. We have only to read of these persecutions to see how strong they have become today. One denomination about which I know a great deal has grown to international proportions in the last 75 years and that is the Salvation Army. That organization endured terrific violence and punishment when it first started, not only from lay people but from churchmen as well. This aroused the sympathies of some and the manner and loyalty of the followers in the Salvation Army to the ideals to which they subscribe have built them to the place which they hold today as an international organization.

We could also read, and I personally know, of some Baptist missionaries who endured very great hardships in promoting what they felt to be their right to worship. There is another denomination or sect which has endured persecution in recent times and that is the Jehovah's Witnesses. They are still persecuted in certain places today and it is for that reason, in my opinion, that they are growing as fast as they are. I read an article in the press not too long ago in which the writer claimed this sect was growing faster and making more converts than any other church group today. I am not a member of the Jehovah's Witnesses nor am I in sympathy with some of their methods or beliefs but, in my opinion, it is just a case of history repeating itself. To persecute is to make strong.

Let us give each individual the right to worship as he pleases without any fear of persecution.

Sometimes we read of the rights of people being trampled upon then their being summarily arrested or held without communication with the outside world. This happened in Toronto not long ago. The police entered a private home without a warrant; they broke into a home in dead of night upsetting the occupants. I believe the authorities cannot be too careful in such cases to preserve the rights of the people.

There are many other rights that we as Canadians enjoy and which we must hold very dear; the right to work anywhere we can obtain employment and not to be in a position where we cannot leave a job and seek employment elsewhere; the right of the employer, which I believe should be in effect the same right, that is to employ whomever he sees fit. I believe the employers are more interested in a person's ability to do an honest day's work for an honest day's pay than in his colour or the nationality of that person.

There are other aspects of this bill which we could discuss tonight but I am sure that we as true Canadians and citizens of a country composed of many different nationalities are concerned with only one high ideal and that is to protect our freedom and to respect each other's rights and freedoms.

Miss Margaret Aitken (York-Humber): Mr. Speaker, I would like to say a few words on this resolution. I believe it is a good thing for all of us in this house to take the time occasionally to contemplate, to assess and to evaluate the freedoms that we are prepared to fight and die for when they are threatened but tend to neglect in more serene times.

I think in our minds and hearts and in our way of life we do have a bill of rights in this country, but it is not spelled out in our constitution and this resolution puts it down in black and white. As the hon. minister from Greenwood (Mr. Macdonnell) said today, when our forefathers drafted the British North America Act they did not visualize and they did not believe that the fundamental principles at that time could be in danger or could be undermined. Since that time the world has changed and it has become divided. Two world wars and one continuous cold war had sparked fear in the hearts of men, and freedom and fear do not go hand in hand.

The December copy of the Royal Bank of Canada Monthly Letter has a thoughtful essay

on this very subject. The title is "Preserving Freedom" and there is this warning which I would like to put on *Hansard*:

> Democratic freedom has failed in some countries because their people slept. It is commonplace for people who were fighting against us in recent wars to excuse themselves on two grounds—that they did not realize what was happening to their government and there was nothing they could do but obey orders. Tyranny degrades both those who exercise it and those who allow it.

The letter goes on to warn that perhaps we have lost some of our freedoms. We may have taken freedom too much for granted; we may have been silent in the face of some injustice; we may have fallen in love with security, which can jeopardize freedom.

Perhaps one reason why I feel compelled to speak on this resolution is that I have seen with my own eyes in recent months what happens when men dominate through fear. I have seen the people of Russia; I have seen that they have so-called material security but no freedom whatsoever. Behind the Iron Curtain there are none of the freedoms that we cherish and about which we have been talking throughout this day. There is no freedom of speech or expression; there is no freedom of press or other means of communication; there is no freedom from exile; there is no freedom in privacy or in correspondence. Once these freedoms are gone it is a long and tortuous path which we must tread in order to regain them. This, surely, is one of the lessons we learned on this side of the world while watching the Hungarian uprising last October and the pain and torture undergone in that country.

The communist doctrine was once very clearly set down by Lenin when he said: "Why should freedom of speech and freedom of the press be allowed? Why should a government which is doing what it believes to be right allow itself to be criticized?"

As the hon. member for York-Scarborough (Mr. McGee) and the hon. member for Queens (Mr. Macquarrie) pointed out this afternoon, we came all too close to that dangerous doctrine last year when the government of that day gagged debate and criticism by introducing closure. Mr. Lenin said: "Why should a government which is doing what it believes to be right allow itself to be criticized?" A former cabinet minister in this house said: "Who is to stop us?" Well the people of Canada answered that question on June 10th.

That brings me to another reason why I am interested in this bill of rights. The freedom of the press is something which I believe every Canadian, not just the publishers and the journalists, but every Canadian should guard and protect. It is one of the first freedoms which is taken away when totalitarianism moves in. The reason it has to be throttled, the reason it has to be taken away is because freedom of the press is a bulwark for so many other freedoms and rights. The right to criticize and the right to praise, the right to disagree and the right to agree, freedom of thought, freedom of expression and freedom from censorship, all these things are protected by those four little words "freedom of the press". As long as a country has freedom of the press it is free.

In the memory of all of us here we have seen freedom-loving countries like Czechoslovakia, Poland and Hungary gripped in the vise of totalitarianism. I am sure many of us ask ourselves, "Can it happen here?" Well, it can happen. It can happen in any country and it can happen through carelessness, smugness and, as I said before, because we take these freedoms too much for granted.

On numerous occasions this afternoon in this debate Sir Wilfrid Laurier's famous phrase has been quoted, "Eternal vigilance is the price of liberty". That is a very true statement. Eternal vigilance is even more vital today because of the kind of world in which we live, a divided world, one in which the word "security" looms large. When I refer to "security" I mean personal security not merely material security. It is an age of fear. Sir Winston Churchill once described the condition that exists today as "peace through terror".

The other day in the external affairs committee Mr. Nik Cavell, who is the Canadian Colombo plan administrator, said that communism in southeast Asia is gaining in influence because it is a positive force. I think it is true that totalitarianism is a positive force—it is both positive and force—and democracy is not. Democracy and compromise have to go hand in hand, compromise between individual liberty, personal freedom and the liberty of society, of all of us. I think that by including this bill of rights in our constitution perhaps we are doing something to make democracy a positive force. In such a world of wars and threatened wars it is almost inevitable that security must take its toll from our fundamental freedoms.

In 1955 when a somewhat similar resolution was before this house the present Prime Minister spoke. This debate has been referred to on a number of occasions today but I have taken another excerpt from the Prime Minister's speech in which he claimed that we in Canada have fewer rights today in the preservation of our fundamental freedoms than we had before abolishing appeals to

the privy council. As recorded at page 902 of *Hansard* the Prime Minister said:

> As long as the privy council was our court of last resort, in actuality the foot of the throne, an individual in this country whose fundamental freedoms were interfered with directly or indirectly had a right of appeal to that court.

In that debate two years ago hon. members of the legal profession and especially the then minister of justice had a great deal to say about the legal aspects of introducing a bill of rights into our constitution. I read that debate fully and I must say that to a layman it was extremely technical and equally confusing.

That brings me to my final point as to why I feel I should speak tonight in support of this resolution and why it appeals to me. It is a relatively short time since a wrong was righted in this house in regard to the human rights of women. It is an even shorter time since an injustice was corrected at what the present Prime Minister called the court of last resort, the foot of the throne, the privy council. Until 1917 not only could Canadian women not vote but they were not even regarded as persons and therefore could not be members of the House of Commons as I am today or members of the Senate.

I have read over some of the debates that took place in the House of Commons prior to the passing of the act which gave the vote to women and I must say they make quaint reading today. In that long debate the lawyers again had a heyday. In fact, after the minister of justice of that day, the Hon. Charles Doherty, had held forth at considerable length one hon. member got up and rather plaintively expressed himself in this way:

> As to the legal arguments we heard this afternoon from the hon. Minister of Justice, if he had anything clear in his mind, or if he was able to make anything clear to the other legal lights in this house, he certainly was not able to make anything clear to the ordinary layman because when the hon. minister was through, it seemed to me that the matter was more muddled up than when he started.

Mr. Speaker, in spite of the lawyers and in spite of the fact that some hon. members claimed that the franchise would "depoetize" women, "degrade" women, "remove her bashfulness, sweetness and charm;" despite all this eloquence the Canadian woman got her human rights. In 1917, women received the vote and in 1929 they were declared to be persons.

I have mentioned this particular phase of human rights from the past because the freedoms that we enjoy today did not just happen and they will not just happen in the future. I think we must strive continually to preserve the precious freedoms we have and that is why I support this resolution on human rights.

Mr. A. D. McPhillips (Victoria, B.C.): Mr. Speaker, I note that the mover of this resolution is not in the house.

Some hon. Members: Yes he is.

Mr. Nicholson: If you cannot read better than you see you would do well to sit down.

Mr. McPhillips: I was rather interested that he should have been the mover of this resolution because I always thought that the hon. member for Rosetown-Biggar (Mr. Coldwell) represented a group that favoured a police state. At least that was the impression I gained in British Columbia many years ago.

Mr. Nicholson: What are you reading from?

Mr. McPhillips: I am not reading from anything.

Mr. Nicholson: Yes you are.

Mr. McPhillips: I also note that the hon. member for Vancouver East (Mr. Winch) is not in his seat. He was quite a proponent, you know, of the—

Mr. Coldwell: Let the hon. gentleman look around his own group and see who are not in their seats.

Mr. Nicholson: Where is the Prime Minister?

Mr. McPhillips: I can, if necessary, appeal for the protection of the chair but I am not going to do it. I notice that the hon. member for Vancouver East is not in his seat.

Mr. Nicholson: Where is the Prime Minister?

Mr. McPhillips: He, of course, was one who definitely suggested that if his group ever got into power—which thank heaven they did not—they were going to have a police state.

Some hon. Members: No.

Mr. Cameron: That is a lie. That is a deliberate lie.

Mr. McPhillips: This is something he said when he was the leader of the opposition in the legislature of British Columbia.

Mr. Cameron: That is a deliberate lie. Did you hear me? That is a deliberate lie.

Mr. McPhillips: Where is the old mailed fist? Has it gone down the drain? Where is the regimentation and the absolute obedience they were going to demand from the public if they ever got into power? Apparently it has all gone down the drain. Now we find this group is deteriorating. No

more is there the mailed fist. We have a mealy-mouthed resolution. It is in the velvet glove. I am just wondering whether—

Mr. Knowles (Winnipeg North Centre): How about the civil servants you do not trust?

Mr. McPhillips: —there is any mailed fist in the velvet glove, or whether it is all mealy-mouthed nonsense. Who are they trying to fool? They talk of excessive bail in this resolution, which means high bail granted by a judge. Why if you chaps were in office there would not be any bail; a man would simply be put in jail and that would be the end of it.

Another thing I notice is conspicuously absent in this resolution. There is no mention of the old song that you used to sing, namely that every citizen is entitled to gainful employment. There is no mention of that here. That was one of your old principles. Why is it not mentioned here, Mr. Speaker? I suggest that the boys sitting to your left, Mr. Speaker, love unemployment. That is what they work for. They were born and nurtured on unemployment. Unemployment is their stock in trade and that is what they are hoping for now.

I must say I approach this resolution with mixed feelings. I approve of much of it but I see its danger. I see the danger of circumscribing our liberties with pious language. That is the way to get your tail in the gate. Look at the United States amendment having to do with carrying weapons. That has been one of the curses of the United States, Mr. Speaker. One of the early amendments to the United States constitution says that every American citizen can bear weapons. What does that mean? And what has it meant? Well, I will tell you what it has meant. It has meant that they have had lawlessness and ruthlessness in that nation for many years but they cannot do away with it because it is an amendment to the constitution. Admittedly, they can license them.

In the beautiful riding from which I come we have thousands of tourists from the United states. The fellows who come up from Texas drive up in their big Lincolns. They have a six-gun mounted on the footboard. They call it a footboard. I do not know just what the term is but anyway there is a spike placed out from the footboard with a washer so many inches down. You can put the six-gun down there in such a way that you can make a quick draw. Of course our immigration officials will not allow them into the country. Most of them agree to it, but some of them say no, they will not give up their guns and they will not even come into the country because they will not travel without a six-gun. That is an amazing situation. It is true that in Canada it is possible to have a revolver if you can prove to the local chief of police, under the Criminal Code, that you need one, but that does not entitle you to walk down Wellington street with a gun in your hip pocket; but there is the situation. The right to carry a gun was given to the people of the United States by an amendment to the constitution. Now they are stuck with it. Actually, in point of fact it is a monster on their backs.

Let us look at prohibition. In 1917, the people of Canada by and large went for prohibition, but, Mr. Speaker, they were sensible. They went at it by provinces, and I think every province in Canada with the exception of Quebec—they were too old in wisdom and too smart to fool with it—went for prohibition. We did not invoke any federal legislation on this question; but what did the United States do? With a similar emotionalism but with an unwise enthusiasm they decided that they would fix the thing for all time. They passed an amendment to the constitution, the Volstead Act. Not all of you remember it because some of you were too young. It was the 19th amendment to the constitution of the United States and there was to be no liquor. What happened?

Mr. Knowles (Winnipeg North Centre): Was it not the 18th amendment?

Mr. McPhillips: Unfortunately they went through that regrettable period when they developed the beer barons. One of my hon. friends here mentioned such individuals as Al Capone, and that brought on the development of bath-tub gin and jackass brandy, and so forth, and the whole moral fibre of the young people of the United States has been undermined by it. Therefore, they decided eventually to end it. The provinces, incidentally, had gone about it in a different way. They brought in such reforms as liquor control boards and so on. What did the United States do? Because they had this monster on their backs they could not do anything about it. In 1932 there was a democratic convention and the question of whether they would elect Smith or Roosevelt came up. Al Smith looked as if he simply could not make it. You remember such slogans as "cut down on the dries and have your wet dreams come true", and that sort of thing. When it came to the final analysis McAdoo of California controlled 110 votes and Larsen from Texas controlled 55 votes, and they decided they would put this proposition up to Roosevelt. They did and he agreed that there would be a change in the liquor laws and he went in.

What happened was that through a laborious process they changed the constitution. They had to get 75 per cent of the states to agree, and that sort of thing, and it was a very difficult thing to do. That leads me, Mr. Speaker, to say this. So far as the resolution is concerned I know the words are good. I agree with them but we have all these things now. If we get to the place where we try to circumscribe the rights we have by words we are going to get into difficulty.

I would like to say this, Mr. Speaker. Where else in the world except under British jurisdiction can a subject invoke the sovereign? In such matters as prerogative, motion of mandamus, habeas corpus, certiorari, the subject can institute an action and it is maintained in the name of Her Majesty the Queen; John Smith, or whoever he is, versus the registrar of a court or the superintendent of brokers, or even the Attorney General of Canada himself. In no other nation can that be done.

I am in sympathy with the resolution but what I say is this. Why go to work and foul our nest with a mess of pottage? We do not need it. We have got it now. Let us not take a chance. We have inherited the best from our British institutions. We have it. Let us not make a mistake; let us not goof on the question and we could very easily. I suggest that we just string along with what we have now.

Incidentally, I am quite satisfied. I have to take cognizance of the fact that the members from the province of Quebec on both sides of the house will agree with me that it is a dangerous thing to tamper with existing institutions. I know that in the first week of the session one or two of them made rather impassioned speeches and said that they must insist upon the basic rights, religious freedom, and so forth. They have had that for two hundred years and there is no suggestion that it would be taken from them under our system. In fact, far from being taken from them, it has been extended thousands of miles because in my riding of Victoria we have two magnificent Roman Catholic institutions. The good Sisters of St. Ann have an immense convent in the city of Victoria which is the main focal point of my riding. It was instituted by them as far back as 1859. Across the street they have one of the finest hospitals in British Columbia, St. Joseph's Hospital. They have gone up the coast and have hospitals in Juneau and Skagway, Alaska. This sort of thing is done but to my mind this discussion is like flogging a dead horse. There is no question about depriving anybody of their rights. Those rights exist, always will exist, and we will fight for them if we have to.

[Mr. McPhillips.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I shall not attempt to follow the arguments of the hon. gentleman who has just taken his seat. Already at this session it has been demonstrated that he does not speak for his party. The Acting Prime Minister, the Minister of Public Works (Mr. Green), made that clear on at least one occasion.

An hon. Member: It is a good thing he does not.

Mr. Knowles (Winnipeg North Centre): I suggest that when he now says that it is not necessary to have a bill of rights such as my leader has proposed he is flying in the face of the record of his own Prime Minister (Mr. Diefenbaker) who has contended for years that Canada should have a bill of rights.

A good deal has been said today about the long struggle that many members have put forth in an effort to win a bill of rights for the people of Canada. My hon. friends on the government side of the house have sung the praises of their Prime Minister. They have been good enough to admit that my leader the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Winnipeg North (Mr. Stewart), Senator Croll, the former member for Spadina, and others in the house have also fought across the years for the establishment in Canada of a bill of rights.

To me it is a matter of regret that the house seems to be passing up the opportunity to take a significant step in that battle this very day. I concede to every member, particularly because of the importance of the subject, the right to speak to it, but when members of the same party speak in succession one after another as they have done today it does lend credence to the suggestion that the resolution is being talked out. Many Canadians will regard this as unfortunate.

Let it be perfectly clear that if the resolution in the terms in which it is drafted is passed by the house it will not have immediate legislative effect. The passing of the resolution would merely be a declaration of the opinion of the house that consideration should be given to taking whatever steps are necessary to amend the British North America Act so as to write into it a bill of rights for all Canadians. I confess that if the resolution were passed tonight it might be a long time, even a matter of years, before its terms could be fully implemented. I agree with those on the other side of the house, such as the hon. member for Queens (Mr. Macquarrie), who expressed the hope that the time will soon come when we will be able to amend our own constitution in Canada in all

respects without having to go to Westminster for an amendment to the British North America Act. It may be that it will not be until we have in Canada the power to amend our own constitution that we will write into that constitution a bill of rights.

But this house has the opportunity tonight to go on record as expressing its opinion that it should be done. That, I submit, would be a declaration that would have value in this effort that has been made across the years to win a bill of rights for Canadians. Apart from a few hon. members such as the hon. member for Victoria (Mr. McPhillips), who took his seat a moment ago, there is general approval of the proposition that we should have a bill of rights. Some have suggested that it should not be in the British North America Act, that it should not be in our constitution but rather should be just a statute of the federal parliament. We take the view, and I think on reflection most hon. members will agree with us, that if a bill of rights is to have any value to Canadians as a whole it must be written somewhere in such a manner that it has a bearing on legislation that can be passed both by the parliament of Canada and by the legislatures of the various provinces.

The parliament of Canada cannot by itself pass something that has control over the rights of the provinces. It is only in something of a constitutional nature that principles can be laid down that will govern both the parliament of Canada and the legislatures of the various provinces. I believe that any who give study to the question will realize that in the end if we are going to achieve a written bill of rights, and I suggest most of us agree on the desirability of that aim, it will have to be an act of a constitutional nature. That means either an amendment to the British North America Act itself or some constitutional piece of legislation arrived at after we have established a means of amending or writing our constitution here in this country.

So I say, Mr. Speaker, all that my leader's motion calls for today is for the house to declare itself in favour of steps being taken to achieve this desirable end, and I hope that even yet the house may be willing tonight to let the motion come to a vote so that the opinion of the members of the House of Commons in this twenty-third parliament may be made a matter of record.

There is just one other point I should like to make. One does not need to add to the arguments in support of a bill of rights because they have been made and made quite well from both sides of the house. But it has been a matter of interest to note the number of members who have done a good deal of reading in this field. In particular they have read the debates on this resolution when it has been before the house on previous occasions and on resolutions introduced by the present Prime Minister when he was in days gone by the private member for Lake Centre.

But I want to suggest to hon. members that in their attempt to ascertain who was the father or stepfather or father-in-law of a bill of rights in Canada they have not gone far enough back in their reading. I suggest that for an interesting speech members might read the contribution that Senator Power made in 1919 when he was the member for Quebec South in the House of Commons during the time of the general strike in the city of Winnipeg. Back in those days and despite the sense of panic that was abroad there was at least one Liberal who called for a recognition of the rights of the working men of this country, and I pay tribute still today to Senator Power for the speech he made on that occasion in 1919.

If anyone is interested in the first time when legislation was introduced that foreshadowed the idea of a bill of rights, I suggest he should turn to *Hansard* of March 24, 1922. He will find that on that day my predecessor as member for Winnipeg North Centre, Mr. J. S. Woodsworth, introduced two private bills. One was an amendment to the Immigration Act and the other was an amendment to the Criminal Code. In introducing these bills, Mr. Woodsworth said with respect to the first one, and a similar thought applied to the second one:

> The purpose of this bill is to repeal those sections of the act, so that every man in this country, whether a Canadian by birth or one who has lived in Canada, will be assured of the right of trial by jury.

Why did Mr. Woodsworth have to introduce these two bills? He did so because in the hysteria of 1919 a Conservative government had rushed through amendments to the Immigration Act and the Criminal Code, and I believe to one other statute, which took away the opportunity of trial by jury in certain instances and made pronouncements with respect to what was defined as sedition, which were clearly against the traditions and civil liberties of this country as they were understood. Later in speaking to one of these bills Mr. Woodsworth said this as recorded at page 1388 of *Hansard* for May 3, 1922:

> The effect of the existing amendment to the Immigration Act is really to deprive a very large section of our people of the right to trial by jury—a very serious consideration. It is unnecessary for me to review the history of the claims put forth by the British people, from the time of the Magna

Carta and the Bill of Rights, to the right of trial by jury. That great document—the Magna Carta —was effective in restricting the arbitrary power of kings and ministers, but we have today, in this legislation which has been placed on the statute book—

He was referring to the legislation placed on the statute book by a Conservative government.

—a reversion, if I may call it so, to the condition of affairs which prevailed before the time of the Magna Carta.

Mr. Woodsworth went on to point out that the purpose of the bills which he had introduced was to re-establish certain civil liberties, certain basic rights in this country. So Mr. Speaker, in these measures introduced by Mr. Woodsworth back in 1922 you have what might be called the forerunner of the motions that have come later calling for establishment by legislation of a bill of rights for Canadians.

We in this group welcome the debate that has taken place today. We welcome the interest that has been shown in this measure. We would have liked to have had a speech from the Prime Minister. He used to speak on this measure when he was on the opposition side of the house. He used to press the immediacy of the matter, the need for action. He complained when the Liberal government talked out his resolution, or when the Liberal government refused to refer the matter to the supreme court. He complained when a committee was set up as a means of shelving the issue. We are sorry he is not here today to make one more of those speeches urging that this resolution be passed. We believe it would be a significant milestone in the struggle for a bill of rights if the house would tonight agree to the passing of this resolution. We admit it would not have immediate legislative effect, but it would be a declaration of this parliament that a bill of rights should be written into the law of this land.

Hon. E. D. Fulton (Minister of Justice): I believe it is desirable that I should say a few words at this stage to indicate the attitude of the government towards this subject. I recognize at once that this is a private member's resolution. It is true that it is a resolution that has all the weight of having been introduced by the hon. member for Rosetown-Biggar (Mr. Coldwell), who in addition to being an authority on parliament has the additional weight of being the leader of a party in this house. However, it is still, in its essence and as he put it forward a private member's resolution. It is, therefore, I feel, not desirable that there should be a party stand with respect to it, and I am not rising at this point to indicate to anyone in the house that the government wishes them to take a certain position on it, but it is in my view, and I am sure it is in the view of all hon. members, a subject of such importance that it does warrant that the government should indicate in a general way its attitude to the subject and to the suggestion that is made.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Ellis: Let us have a vote.

Mr. Fulton: The government welcomes the principle behind this resolution. There should be no doubt about that, because for very obvious reasons there are, to put it at its mildest, men of influence in the government who are committed to the idea of a bill of rights. There is no backing away from the attitude of the past or from any undertaking that may have been given on this subject. But we believe that it is essential that any enactment of a bill or declaration of rights, no matter what may be the legislative form, should carry the judgment of the Canadian people as a whole and should be in a form which will be acceptable to the Canadian people.

It is obvious from what we have heard in the house today, as well as what we have heard on the subject when it has been debated inside and outside parliament in the past, that there is a very wide divergence of opinion as to how we should proceed, if we proceed at all. When I say "if we proceed at all", I am referring to the opinions of others, because there are some who think we should not proceed. There is a very wide divergence of opinion, even amongst those who believe we should proceed, as to just how it should be done.

It is obvious, therefore, that the very greatest care must be taken to ensure that any such legislative enactment shall be in a form, and of effect, which will ensure that not only does it embody those rights which Canadians wish us to preserve, but also that it does not infringe on the rights or freedoms which others hold dear. And in this field we must recognize that we are up against a question, not only of individual rights but of provincial and constitutional rights.

It was for this reason that at the very outset, immediately after the hon. member for Rosetown-Biggar had introduced the resolution, the hon. member for Rosedale (Mr. Walker), my parliamentary assistant as Minister of Justice, made his very excellent and comprehensive as well as moving speech outlining the problems which must be faced and solved before any bill or declaration of rights can be introduced by any government that claims to be responsible.

But when we make reference to the difficulties and problems that must be met, Mr.

Speaker, again I wish to emphasize that we do not need to hide behind these difficulties, and we do not intend to do so. We are in favour of the principle which is sought to be carried forward by this resolution, although we have very grave misgivings as to the particular method suggested.

To the same extent, indeed even to a greater extent, as we recognize the difficulty we also recognize the desirability, I might say the essential requirement, of some such provision being enacted. The needs for a bill of rights have been outlined by many speakers in the past, and by none with more force or detail than the present Prime Minister (Mr. Diefenbaker). These needs have been put on *Hansard* on many occasions and can be found there, so I am not going to attempt to enumerate them here tonight.

But it is because we recognize the difficulties that confront us that we are now working as a government, and in the Department of Justice, as has been stated by the Prime Minister and myself, to find what is the soundest approach to this problem of putting into legislative form the delineation of the rights and freedoms that are fundamental and must be preserved in Canada.

There are two views as to how this could be done. There is the view put forward by my friend the hon. member for Rosetown-Biggar that it should be by way of amendment to the British North America Act. There is the other view that it should be simply by a federal statute, whether it be in the form of a detailed statute or merely in the form of a declaration of fundamental principles. Those are the two views—on the one hand a constitutional amendment and on the other a simple statute of this parliament.

We do not reject out of hand the idea of a constitutional amendment as suggested in this resolution. However, I suggest to my friend the hon. member for Rosetown-Biggar and to my friend the hon. member for Vancouver-Kingsway (Mr. Macdonald) that we must, especially when we are talking about freedom, recognize the fact that there is one great bastion, respect for which is essential if freedom itself is to be maintained, and that is the constitution of this country. If you take an attitude that the constitution is to be amended to this extent by this parliament whether or not the provinces consent—that the constitution can be amended and that if there is no other way of doing this thing than by a constitutional amendment with or without consent, then let us amend the constitution—I say, Mr. Speaker, that if you do that then in the name of freedom you are making an assault upon the bastion of freedom itself; and that is something which this government will not commit itself to doing.

Mr. Coldwell: Will the hon. gentleman permit a question?

Mr. Fulton: Yes.

Mr. Coldwell: If he thinks of what I said I do not think he will find that I suggested that we do this over the objection of the provinces. My resolution clearly states that we take whatever steps are necessary to amend the British North America Act.

Mr. Fulton: Mr. Speaker, I fully recognize the fact that in the speech made by the hon. member for Rosetown-Biggar this afternoon he made no suggestion of going as far as I have just now indicated.

Mr. Coldwell: That is right.

Mr. Fulton: But while his resolution is carefully worded, nevertheless in the very first section which it proposes to enact it proposes to place restrictions or duties, whichever approach you want, upon the legislatures of the provinces.

Mr. Coldwell: The parliament of Canada or the legislatures.

Mr. Fulton: The parliament of Canada and the legislatures of the provinces. The resolution itself proposes that. But in what I was saying I had particular reference to the speech made by the hon. member for Vancouver-Kingsway this afternoon. As I took down his words, he made it clear that this parliament, in his view, should take the initiative in forwarding to Westminster an amendment for acceptance. He said that we should enact and forward an amendment.

An hon. Member: After consultation.

Mr. Fulton: Yes; he said after full consultation but not necessarily full concurrence. He said that this parliament should take the initiative. I give him credit for sincerity. He apparently holds the view strongly that whether or not we can get consent, nevertheless we should go ahead and amend the constitution. If I carry his point too far or if I do him an injustice, I regret it; but that is certainly the inference that I took from his words this afternoon.

The point I make here, Mr. Speaker, is that we as a government cannot accept that position.

Mr. Ellis: What did the Prime Minister say?

Mr. Fulton: The Prime Minister at no time when he spoke ever suggested that we force such a constitutional amendment through whether or not the provinces consent. This present resolution, especially in the terms in

which it is drafted, contemplates legislation in what is exclusively a provincial field because it proposes to enact that it shall not be lawful for the parliament of Canada or the legislatures of any of the provinces to do certain things, whether or not they have the right to do them.

Mr. Coldwell: That does not preclude negotiation with the provinces.

Mr. Fulton: What the hon. gentleman now says is perfectly correct, namely that it does not preclude negotiation. But I think we must recognize that the first essential is a respect for the fundamental bastion of freedom itself, namely the constitution; and unless we are prepared to accept that control absolutely then we are in the name of freedom doing what I believe would be the greatest disservice to the cause of freedom itself.

Mr. Ellis: What did the Prime Minister say?

Mr. Fulton: I have said that there are two methods. One is a bill of rights enacted as a federal statute and the other is a constitutional amendment. I have been outlining some of the difficulties and considerations that must be borne in mind in respect of the second method. It is an approach that may be capable of being worked out. Then you are left in this position. That constitutional amendment could take two forms. But when there are two approaches to the problem of acting by way of a constitutional amendment, there could be a conference with the provinces to see whether it is possible to arrive at an agreement on an over-all amendment to the constitution both in the fields which are federal and the fields which are provincial. That, as I say, is the only method which we could contemplate as being a satisfactory method of arriving at such an over-all amendment. The other approach.

Mr. Knowles (Winnipeg North Centre): Would the minister permit a question?

Mr. Fulton: May I just finish my thought. We reject the idea of such an over-all amendment without agreement of the provinces.

Mr. Knowles (Winnipeg North Centre): May I ask the minister this question? Does he not feel that the method that the government would accept is provided for in the opening words of this motion wherein my leader asks that consideration be given to taking whatever steps are necessary?

Mr. Fulton: Of course the moment one says that a constitutional amendment might be possible one recognizes that what is suggested is a possibility. But anything might be decided as a possibility; and it seems to me that this one is so fraught with difficulty and danger that we should have to look at other methods and solutions first.

The other approach to the question of a constitutional amendment would be one which is confined, in so far as the ability of constitutional lawyers is able to do it, to areas of the constitution which might be agreed are exclusively within federal jurisdiction, and to say that, having confined it to areas of exclusive federal authority, we do not require a conference with or consent by the provinces. But the difficulty here would be that there are still large and important areas of conflict of opinion as to what are the subjects exclusively assigned to dominion jurisdiction and what are the subjects exclusively assigned to provincial jurisdiction. I think there is fairly general agreement that in many of those areas there is overlapping, hence there is in many areas some form of dual responsibility and it would not be possible or at the very best it would be exceedingly difficult—so exceedingly difficult that it would take the wisdom of a Solomon, and I do not think there is anyone in this house who claims that degree of wisdom, not even the hon. member for Winnipeg North Centre (Mr. Knowles)—to work out that type of amendment which would have absolute acceptance by all the people of Canada.

Mr. Ellis: Would the hon. member answer a question?

Mr. Fulton: If the hon. gentleman will forgive me I do not wish to carry this over any longer than is necessary and I wish to make a presentation in whole of the position of the government, so perhaps he would be kind enough to defer his question until I have concluded.

The other approach, Mr. Speaker,—and this is the approach that has been in essence advocated by the Prime Minister in all of the resolutions that he has moved in connection with this subject—is the enactment of a federal statute which would make it clear that in so far as any federal legislation is concerned there must be observed certain fundamental principles so that there will be preserved to every Canadian his fundamental rights and freedoms.

Here again there are several approaches or several methods which could be followed and several questions which arise. Should such a bill or declaration be specific in nature? That is, should it attempt to specify what are the limits in each case—the details of the limits of the freedoms and rights to be protected—or should it be simply in the form of a general declaration? Should it be introduced by the government and presented

to parliament, as it were, on our own motion or should it first of all be referred as a draft bill to the Supreme Court of Canada for the opinion of that court as to whether it lies within the federal competence to enact? Or should we alternatively simply refer to the Supreme Court of Canada the general question of how far does it lie within the competence of this parliament to introduce a bill dealing with the question of fundamental human rights and freedoms in so far as they affect freedom of speech, freedom of religion and the other subjects which are outlined in this resolution and in other resolutions which have been suggested to this parliament.

These then are the problems, Mr. Speaker, and I think it must be obvious to all hon. gentlemen that this statement of the problems as well as the statement made in more detail earlier by the hon. member for Rosedale, indicate that it would not be the act of a responsible government to introduce legislation on this subject in a hurry as we would be doing if we introduced it at the present time. I think it will also be obvious that until these difficulties are thoroughly analysed and analysed with a care which we have not yet been in a position to devote to them we as a government should not introduce a proposal in specific form for a bill of rights.

By the same token I may say to the hon. member for Rosetown-Biggar and to the hon. member for Winnipeg North Centre (Mr. Knowles) that we feel that at this stage we could not accept this proposal for a constitutional amendment as it is presented to us for the reasons I have attempted to outline earlier. I have said that we do not reject outright the proposal of a constitutional amendment but that we cannot accept their proposal as a feasible, practical and acceptable method at this time. We may be able to work out some such method, but for the reasons I have stated, the Prime Minister if he were here would not, and I am not going to and indeed will not state here tonight that we can accept the resolution as it is presently drawn.

However, I come back to where I began. This party which now forms the government, through its leader who is now Prime Minister and through other spokesmen, is on record in favour of, and he and other members of the party are the advocates of the principle of, a bill of rights. The Prime Minister's record in this house and his commitment to this ideal has been well and fully stated here today. It is our intention to continue to work on this problem so that at the earliest possible moment we can do it as a responsible government, we will be able to present some concrete proposal to parliament.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. R. J. McCleave (Halifax): Mr. Speaker—

Mr. Ellis: Talk it out.

Some hon. Members: Oh, oh.

Mr. McCleave: The members and backbenchers in this parliament have some human rights as well.

Mr. Coldwell: You did not say that when the Liberals were in power.

Mr. Ellis: Who gave you orders to do this?

Mr. McCleave: It has been a fascinating experience to sit here today and to take part in this momentous debate on human rights. To trace this story from the time when King John got his come-uppance from the barons in 1215 to an explanation for the reason why our television screens are dotted with Wyatt Earp and his ilk through the past century of the United States midwest. My understanding of that situation is that there is a United States amendment to the constitution which allows everyone there to carry a gun.

I think in the concluding moments of this debate we have perhaps narrowed down this whole subject to the main question in the resolution presented by the hon. member for Rosetown-Biggar (Mr. Coldwell) and that is, what will happen if this resolution should not be adopted. In answering that question I do not inquire, at least for the time being, into the merits of the language of the resolution. It is, I think, a bold attempt to capture in words the rights which we feel we have in a democracy. I think the main point is this—it has been brought out several times before, particularly by the Minister of Justice (Mr. Fulton)—that having passed this resolution we can do nothing further as a house. The other place would still have to approve this resolution and then they too could do nothing further. Nor could this resolution ever become law or be signed by Her Majesty's representative in Canada. We could not by adopting this resolution turn it into a measure which would come before us again for study in committee or for scrutiny under debate.

Mr. Ellis: Because you are talking it out.

Mr. McCleave: If we pass this resolution and if it is passed in the other place the only other step is to dispatch it to Westminster where the British parliament will determine its future.

Mr. Knowles (Winnipeg North Centre): It is not drafted in that form at all.

Mr. McCleave: We are not, I say, in the final analysis able to amend our most important constitutional document. Another point that was particularly well brought out

by the Minister of Justice deals with the rights of the provinces in these matters—

Mr. Ellis: One minute to go.

Mr. Fulton: Are you coaching him?

Mr. Benidickson: He came down to see you to get some coaching.

Mr. McCleave: There are 10 provinces in this dominion—and we might conduct ourselves in a spirit of collective egotism—and that collective egotism is manifested on the other side of this house—and say that not a word or punctuation mark should be changed in this excellent document presented by the member for Rosetown-Biggar, but that, Mr. Speaker, is not in my estimation a spirit of true partnership.

Some hon. Members: You made it!

Mr. McCleave: We cannot send this resolution to any province and say: "This is it, this is what we are looking for." They have a perfect right to answer: "Slow down; you let us take a look at it. Let us consider it and let us see whether it is what we want."

Mr. Ellis: You have talked it out. You have done a good job.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I take it that the business for tomorrow will be as stated, that we will take a motion to go into supply, but can the minister now tell us what business we will have for the rest of the week beginning on Wednesday?

Mr. Green: Mr. Speaker, as I announced on Saturday it is the intention to move to go into supply tomorrow there being an arrangement between the parties that at 8.15 the vote on any amendment would take place.

I can only give the hon. member the business for Wednesday. It will be, first, No. 28 on today's order paper, a resolution preceding a bill to provide for a loan to the government of New Brunswick; then item 30 on today's order paper, a resolution preceding a bill having to do with power in the Atlantic provinces; next there will be No. 21, a continuation of the second reading of a bill to provide annual vacations with pay; then No. 23, second reading of a bill to implement an agreement between Canada and Australia in respect of income tax; then No. 22, second reading of a bill in respect of a boundary between Alberta and the Northwest Territories; No. 20, second reading of Bill No. 15, an act to amend the Criminal Code; then No. 27, a resolution preceding a bill to amend the Northwest Territories Act.

Mr. Knowles (Winnipeg North Centre): The way you can skip No. 24 is marvellous; can you not read No. 24?

Mr. Chevrier: Could the minister not give some indication as to what estimates are likely to be taken up this week?

Mr. Green: Not at the moment, Mr. Speaker.

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

HOUSE OF COMMONS

Tuesday, January 7, 1958

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, January 7, 1958

Sir:

I have the honour to inform you that the Honourable Mr. Justice Robert Taschereau, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 7th January, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute
Secretary to the Governor General
(Administrative)

PRIVILEGE

MR. ROBICHAUD—ALLEGED INCOMPLETENESS OF SESSIONAL PAPER

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I rise on a question of privilege. My question of privilege is based on sessional paper No. 117-B which was tabled in the house on Friday, January 3. This sessional paper followed a return to an address of the House of Commons dated November 6, 1957, for a copy of all correspondence and other documents exchanged between the federal government or any of its departments and the governments of the provinces of New Brunswick and Nova Scotia or their respective power commissions, from April 1, 1957, to date, regarding the development of electrical energy.

Page 94 of the said sessional paper contains a copy of a letter from Premier Hugh John Flemming addressed to Right Hon. John Diefenbaker, Prime Minister of Canada. This letter says:

I am enclosing a copy of my comment on the memorandum of Hon. Alvin Hamilton dated September 30 in connection with power problems in the Atlantic provinces, which I trust will be helpful to you in presenting our point of view.

My question of privilege is that the document mentioned in the letter is not included in the sessional paper and I state that it is part of the documents which were asked for and tabled in the house on Friday, January 3. I therefore ask that it be supplied and attached to the document.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the document referred to by the hon. member for Gloucester is a private document that was circulated to certain of my colleagues. It was concerned with basic Conservative policy on development, with application to the Atlantic provinces. A copy was shown to the premier of the province of New Brunswick. My department advises me that they did not consider it as part of their records, and since it was not used in the department it is not part of the documents requested by the hon. member for Gloucester.

Mr. Robichaud: Mr. Speaker, in view of the minister's remarks, I may state that the comments—

Mr. Speaker: Order. This is not the time for a statement. If the hon. member has any motion to make I would think he could do so. I am doubtful that it is a proper question of privilege. I would think the hon. member can secure relief by moving a motion for the production of the missing paper. In that way it would be settled whether or not the document ought to be produced.

FREIGHT RATES

ANNOUNCEMENT OF SUSPENSION OF INCREASE UNTIL MARCH 1, 1958

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows, the governor in council has received a petition from the Atlantic provinces, the prairie provinces and British Columbia invoking the provisions of section 53 of the Railway Act and asking that the recent decision of the board of transport commissioners authorizing an increase in freight rates of 3.6 per cent effective from January 15 next be rescinded. The provinces also submitted that the governor in council should in any event suspend the freight rate increase until their petition had been heard by the governor in council.

In the time that has been available to consider this matter, and having regard to the principles involved and to the complexities of the problem, the government has come to the conclusion that the provinces' case is of sufficient importance to warrant a hearing by the governor in council. The question arises immediately as to when such a hearing might be held to make sure that the provinces, and I presume the railways as

well, have sufficient time to prepare to present their cases and to give the governor in council adequate opportunity to consider the facts and reach a decision. The order of the board is due to become effective on January 15, that is about a week away; and having regard to the necessity for adequate preparation on the part of the petitioners and the answer of the railways, and to the situation in which we find ourselves at the moment in connection with the business and sittings of the house, it would hardly be possible to arrange for a proper hearing between now and January 15. Accordingly the government decided this morning, in the light of these circumstances and the case made by the provinces, that the application of the order of the board of transport commissioners for the increase in question be suspended until March 1. By that time it is hoped that it will be possible to hold a hearing, and for the governor in council to reach his decision.

I wish, sir, to table a copy of the order in council suspending the order of the board to which I have just made reference.

STATEMENT ON EFFECT OF EQUALIZATION INQUIRY ON RECENT INCREASE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): On Saturday the hon. member for Laurier (Mr. Chevrier) asked me the following question, as reported at page 2842 of *Hansard:*

> Can the minister tell us whether the inquiry undertaken by the board of transport commissioners into the equalization of freight rates across Canada was taken into consideration in the recent order of the board increasing freight rates by 3.6 per cent?

The board of transport commissioners has advised me that the inquiry into the equalization of freight rates was taken into consideration in its judgment and order dated December 27, 1957, authorizing increases in freight rates.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a supplementary question arising out of the minister's statement regarding the equalization of freight rates. Can the minister give the house some idea of when we may expect this important study to be completed since, as the minister knows, it will soon be six years since the board was instructed or advised by the royal commission on freight rates to instigate such a study?

Mr. Hees: No, I do not know when the study will be completed.

[Mr. Diefenbaker.]

Mr. Argue: Would the minister be prepared to make inquiry and let the public of this country know whether or not within a few months the inquiry can be completed, or whether it may take another six years?

Mr. Hees: I shall be very glad to do that.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO FURTHER CORRESPONDENCE WITH PROVINCIAL GOVERNMENTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to redirect to the Prime Minister a question I asked the Acting Prime Minister on Friday. Has there been any correspondence with any of the provincial governments about the federal-provincial conference or the matters discussed at that conference, since the conference adjourned?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer is yes, and I hope to be able to table that correspondence at the earliest possible date.

INQUIRY AS TO DATE OF RESUMPTION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to ask the Prime Minister a question which I asked the Acting Prime Minister last Friday but which I probably should have delayed until his return. When does he contemplate the calling together of the dominion-provincial conference, particularly in view of the fact that the legislatures are about to meet and the provincial treasurers must prepare their budgets, and that this conference may adopt some agreement which may involve budgetary considerations on the part of the provinces?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in view of the uncertain duration of this parliamentary session it is impossible yet to say with any definiteness when the dominion-provincial conference will be reconvened. However, the matter is receiving consideration, and as soon as a decision is made it will be communicated.

Mr. H. R. Argue (Assiniboia): May I ask a supplementary question. Does the Prime Minister know whether on any other occasion the government has used as an alibi the fact of the house being in session, when parliament and the conference can be in session at the same time?

LABOUR CONDITIONS

CONSTRUCTION AND IMPROVEMENT OF CAMP AND PICNIC AREAS TO PROVIDE EMPLOYMENT

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on Friday I announced that the government had decided to offer to the provinces an arrangement under which it would be prepared to pay 50 per cent of the cost of construction of forest access roads where the construction is undertaken between the date of the offer and June 30, 1958.

I now wish to announce that the federal government has also decided to offer to the provinces 50 per cent participation in a program for the construction and improvement of camp grounds and picnic areas that would be of benefit to the very important tourist industry in this country.

Last October I was chairman of the annual federal-provincial tourist conference. During that meeting there was much discussion of the importance of expanding camp grounds and other tourist facilities along the highways of Canada and in the provincial parks. These recreation developments would complement the very extensive facilities that are now available in the national and provincial parks of Canada. All the provincial representatives indicated interest in doing something along these lines.

On the authority of the government I have written the premiers of the provinces to advise them that the federal government will be prepared to reimburse the provincial governments for 50 per cent of expenditures made on camp grounds and picnic area developments between the date of my letter and May 31, 1958. The letter makes it clear that the developments can be constructed anywhere in the province, and that the offer is made on the basis that not less than 50 per cent of all expenditures would be for the payment of wages of persons employed on the work.

As in the case of the offer on forest access roads, the amount of expenditure and the number of jobs that will be provided will, of course, depend on the extent of provincial participation. The supplementary estimates of the Department of Northern Affairs and National Resources for the fiscal year 1957-58 will include an amount of $1 million for this purpose in order that funds may be immediately available.

It is my hope that the letters I have sent to the provincial premiers outlining the federal offer for participation will produce an enthusiastic and immediate response. I think the program contemplated is a far-seeing one that will result in projects that will have continuing recreation value for Canada.

It will also have the added value of providing a larger number of employment opportunities in all parts of the country during this winter season if the provinces act at once to implement the program.

For the convenience of hon. members might I suggest, Mr. Speaker, that a copy of the letter I sent to the provincial premiers under date of January 2 be printed as an appendix to *Hansard*? By leave of the house I should like to table a copy of the letter and have it printed as an appendix.

Mr. Speaker: Has the minister leave of the house to have this letter to which he has referred printed in *Hansard*?

Some hon. Members: Agreed.

[*For text of letter referred to above, see appendix, pages 2977-78.*]

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I should like to direct a question to the Minister of Northern Affairs and National Resources arising out of his earlier statement today about the joint program of park development with the provinces. My question is as follows. Would the terms of the offer made to the provinces include the development of seaside parks for boating tourists, something which I understand the government of British Columbia has had under consideration?

Mr. Hamilton (Qu'Appelle): I am not just quite sure of the implications of the question of the hon. member. The offer we have just made was on the subject that was raised at the dominion-provincial tourist conference and dealt primarily with picnic sites and camp sites along the sides of highways. It was on that particular subject that we made this offer. As to the question raised by the hon. member, I am unable to state whether that will be included because I do not know all it implies.

Mr. Barnett: Will the minister look into the matter?

Mr. Hamilton (Qu'Appelle): Yes.

TRANS-CANADA PIPE LINE—INVESTIGATION OF WALK-OUT EAST OF PORT ARTHUR

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Labour. Would the Minister of Labour give the house a brief statement on the effort being made by his officials to settle the walk-out on the trans-Canada pipe line project east of Port Arthur, Ontario?

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): In answer to the hon. member's question I wish to state that the federal government is in no position to intervene in this strike. However, the action we have taken is to have one of our industrial relations officers from Winnipeg look into the matter. He is at present in Port Arthur. We are awaiting a report from him, and our actions will be determined by that report.

[*Later:*]

Mr. Fisher: Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce of which I have sent him notice. Can the minister inform the house whether officials of Northern Ontario Pipe Line Crown Corporation have acted in any way to resolve the walk-out on the trans-Canada pipe line east of Port Arthur, Ontario?

Hon. Gordon Churchill (Minister of Trade and Commerce): I thank the hon. member for giving me notice of his question. The walk-out referred to by the hon. member involves contractors to the crown corporation, and not the crown corporation itself. However, since the clearing of the crown's section is being affected the president of the crown corporation, in order to inform himself as to the issues involved, will be visiting Port Arthur during the next few days.

CANADIAN PACIFIC RAILWAY—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I would like to direct a question to the Minister of Labour, but before doing so may I express our best wishes to him, to the hon. member for Edmonton East (Mr. Holowach) and to all other members with similar traditions and all other Canadians to whom today and this week have a special holiday significance such as we others enjoyed during our parliamentary recess.

Some hon. Members: Hear, hear.

Mr. Benidickson: I want to supplement a question which I asked the minister on December 4 last, respecting the report expected from the royal commission investigating the labour dispute on the C.P.R. with respect to diesel firemen.

Has any member of the government yet received this report? I draw to the hon. minister's attention the fact that on October 15 he indicated that the government expected this report before the end of November and, on December 4, when I asked him a question he said that he was doing his best to expedite the submission of this report.

[Mr. Fisher.]

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I wish to thank the hon. member for the good wishes he expressed prior to his question. We did expect that we would receive this report on dieselization toward the end of November. Unfortunately Mr. Justice Kellock became ill, and this, of course, has prolonged the time taken. As yet I am unaware when we will be receiving this report. As to whether any other member of the government has received it, I cannot say, but I do not think this has been the case. No doubt the report will come to me direct, first of all. I will, however, make some inquiries in the course of the next few days to see how soon we may expect this report.

Mr. Benidickson: May I ask a supplementary question, Mr. Speaker. Would the minister assure the house that he is aware of the keen desire on the part of railway employees that this report should be submitted before the conclusion of this session, and would he assure us that no suggestion or hint from the government is delaying the submission of this report?

Mr. Starr: Mr. Speaker, everyone is desirous of obtaining this report in order that this matter may be cleared up; everyone is as anxious to receive it as are the employees of the railway. Most certainly and emphatically I may say that the government is not taking any steps to delay this report.

CANADIAN NATIONAL STEAMSHIPS

REPORTED SALE OF STRIKE-BOUND VESSELS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Transport. Will the minister tell the house whether the government has under consideration the sale of the Canadian National steamships that have been under strike for some time, and whether or not a report on the economic and financial implications of sale has been before him for consideration, as stated in a report in a recent issue of the Montreal *Star*?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. The answer to both parts of it, Mr. Speaker, is no.

Mr. Chevrier: May I ask a supplementary question. In view of the reply the minister has made, can he tell the house whether anything has been accomplished during the six months' period that the strike has been going on by the transfer of the flag from Canada to Trinidad?

Mr. Hees: That would be a matter of opinion.

[*Later:*]

Mr. Hees: Mr. Speaker, on Saturday the hon. member for St. Antoine-Westmount asked if I could make inquiries as to what vessels with refrigerator accommodation are now available to carry cargo between the Atlantic provinces and the Caribbean. As the question relates to private shipping operators my department has no official information with regard to the actual refrigerator space on vessels in the Canada-West Indies service, but I understand that refrigerator space is available on a number of ships engaged in that trade, as can be noted from advertisements published in the press from time to time.

Hon. Gordon Churchill (Minister of Trade and Commerce): While we are on maritime problems, Mr. Speaker, on Friday the hon. member for Acadia asked whether we had lost any trade with the West Indies as a result of the cessation of the Canadian National Steamships service. I took the question as notice. There appears to have been no loss of trade. During the period from July to the end of October, 1957, our export trade to the West Indies and Bermuda amounted to $17,772,000 as compared with $15,961,000 in the same period in 1956.

The hon. member for Bow River asked whether any other country was carrying the cargo formerly transported by these vessels. Our information is that Saguenay Shipping Limited, a Canadian company operating owned vessels under United Kingdom registry and chartered foreign flag vessels, together with Lamport and Holt, a British shipping line, schedule regular shipping services from eastern Canadian ports to the Caribbean, and are carrying the greater proportion of our general cargo export trade to the West Indies. Both these lines operate vessels which have refrigerated space. No statistics are available at this time to show what volume of our export trade is carried by Alcoa and other shipping lines operating out of the United States to the West Indies.

CANADIAN NATIONAL RAILWAYS

NORTH SYDNEY—INQUIRY AS TO CHANGE IN METHOD OF HANDLING FREIGHT IN YARDS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I wish to direct to the Minister of Transport a question of which I have not had an opportunity to give him notice. In any event, I should like to have a reply as soon as possible. Is the Canadian National Railways contemplating any change in the method of handling freight at the North Sydney yards? In other words, are the members of the Canadian brotherhood of railway employees and other transport workers going to continue to do this work or is it going to be given to a private company? That is in reference to the loading of the *William Carson* and other work pertaining thereto in those yards.

Hon. George H. Hees (Minister of Transport): I am not aware of any change in plan which the Canadian National Railways might have in contemplation.

EXTERNAL AFFAIRS

CEYLON—REQUEST FOR EXTENSION OF FLOOD RELIEF

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Prime Minister. In view of the serious situation in Ceylon, where half a million people are without food and shelter, will the government consider making a substantial donation to the relief of those people in addition to that under the Colombo plan? I am thinking particularly of supplies of wheat and lumber, which are in surplus supply in Canada. Will the government consider making available in addition to the Colombo plan aid some further aid of this nature?

Right Hon. J. G. Diefenbaker (Prime Minister): The subject matter of the question asked by the hon. gentleman is one that is before the government at the present moment and is being considered. Assistance apparently should be given having regard to all the circumstances. What the form of that assistance is to be will have to be determined on the basis of need, and in particular on those needs which, in the opinion of the government of Ceylon, are of the utmost importance. The matter is receiving immediate and continuing attention.

[*Later:*]

Mr. A. P. Lavigne (Stormont): Mr. Speaker, further to the question asked by the member for Rosetown-Biggar, I should like to ask the Prime Minister if when his government considers giving further assistance to Ceylon it will not include in the shipments of food some of our surplus cheddar cheese, which is the best in the world?

Mr. Diefenbaker: Whatever is needed, within reasonable limitations, will be sent; and if the people of Ceylon in their needs require cheese, cheese will be given.

Inquiries of the Ministry

SUGGESTED HOLDING OF SUMMIT MEETING IN CANADA

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I would like to address a question to the Prime Minister. In the light of the statements made over the week end by Prime Minister Macmillan and ex-President Truman about the urgency of convening another summit meeting, would the Prime Minister consider issuing an invitation to the leaders of the countries represented at the Geneva conference, and Prime Minister Nehru, to a summit meeting in Canada at an early date?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman was courteous enough to give me notice of his question.

I wish to say, as I stated the other day, that the government welcomed Prime Minister Macmillan's proposal for an east-west non-aggression pact as a forward-looking suggestion. In speaking at NATO and in my report to the house on December 21 I advised that we attach the greatest importance to the reopening of negotiations, and agree to examine any proposal, from whatever source, for general or partial disarmament and any proposal enabling agreement to be arrived at as between the Soviet and the free world.

The suggestion, however, that the Canadian government take the initiative in inviting the leaders of the countries represented at the Geneva conference, and Prime Minister Nehru, to a summit meeting in Canada at an early date is one that I am sure the house will realize would be inappropriate for us to make without consultation with our western allies. I would add, however, that during the past few weeks we have repeatedly demonstrated our willingness to discuss with the Soviet union matters of common concern, if such discussions can be productive. To that end we must seek futher clarification of their views through normal diplomatic channels. This is now being done.

Until there has been some measure of consultation between our allies and ourselves we would not wish to extend an invitation unless we were reasonably sure, in any event, that the invitation would meet with general acceptance, and that the result of any such conference would be generally beneficial.

NATO—INQUIRY AS TO INSTITUTION OF FOOD BANK

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs arising out of a Canadian Press report dated January 5 which states that Dr. Smith said NATO was now considering a food bank to assist underdeveloped nations. Would the right hon. Secretary of State for External Affairs tell us what Canada is contemplating in this regard? I may say I am very happy to see this action being taken.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I thank the questioner for the honour he has conferred upon me; it puts me in a good frame of mind to answer the question. I did make that statement, and I was referring to the imaginative proposal which was made by the Prime Minister of Canada earlier at NATO with respect to the establishment of a food bank. That was in line with the discussions at the meeting of the NATO council in relation to article 2 of the treaty. Interest has been shown by other members of NATO, and we have had inquiries. All I can say at this time is that the possibility and feasibility of implementing that proposal is being studied by the NATO council.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs based on the very important statement which has now been made. Can the minister inform the house as to what would be the size of the food bank which the government has proposed? Is it something imaginative in size? What has the minister in mind regarding the total value of the food bank?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, in reply to that supplementary question, I can state that I have heard no discussion with respect to the size of the food bank, but, having in mind the needs of many underdeveloped countries, I still crave the privilege of repeating my adjective "imaginative".

[*Later:*]

Hon. L. B. Pearson (Algoma East): Mr. Speaker, in view of the important statement just made by the Secretary of State for External Affairs respecting Canadian initiative in regard to a food bank which is now before the NATO council, can he assure the house that the Canadian delegation to that council is now taking the further initiative in pushing that matter before the permanent council, and can he give us any indication of the instructions that have been sent to our delegation to that effect?

Mr. Smith (Hastings-Frontenac): Mr. Speaker, in reply to the question I can state that our permanent representative on the NATO council has informed us that he has

been asked many questions with respect to that matter. The instruction to Mr. Wilgress is that he should endeavour to forward the discussion in every way possible with the representatives of other member nations of NATO in the council.

Mr. Benidickson: With or without instructions from his government?

UNITED KINGDOM—RESIGNATION OF CHANCELLOR OF EXCHEQUER

On the orders of the day:

Mr. Irvin Studer (Swift Current-Maple Creek): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has the government received any information respecting the resignation of the British chancellor of the exchequer, and is it true that he resigned because his free trade proposals were ignored by the Canadian government?

Mr. Speaker: I take it that is an April 1 question, and was not put forward seriously.

REQUEST FOR AID FOR DISPLACED PERSONS IN EUROPEAN CAMPS

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): May I direct a question to the Secretary of State for External Affairs. In view of the Prime Minister's desire to give encouragement to those behind the iron curtain, can the minister tell the house what is being done, in a substantial way, by this government to help the tens of thousands of victims of communist persecution who are now in displaced persons' camps in Europe?

Hon. Sidney E. Smith (Secretary of State for External Affairs): I cannot reply to that question in detail. In the declaration, of which the hon. member who has asked me this question does not think very highly, there was a statement with respect to the subjugated countries. I would be bound to say this, Mr. Speaker, however, in reply to the question: that great care should be taken not to make any statement or start any negotiations that would impair the safety or the health or imperil the very lives of these people.

Mr. Stewart (Winnipeg North): May I ask a supplementary question. If it is a fact that I do not think very highly of the Prime Minister's statement, can the minister be really surprised in view of his answer?

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question. I think the question really involves the international refugee organization rather than the people who are now behind the iron curtain. May I ask what contribution, if any, Canada is making to this organization at the present time, and whether any steps are being taken by Canada to relieve the situation of those people?

Mr. Smith (Hastings-Frontenac): I will take that question as notice. I cannot recall the facts at the present time.

BUSINESS OF THE HOUSE

INQUIRY AS TO TABLING OF FURTHER SUPPLEMENTARY ESTIMATES

On the orders of the day:

Hon. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, I would like to direct a question to the Minister of Finance. Could he tell the house when he intends to table the further supplementary estimates which have been mentioned again today by the Minister of Northern Affairs and National Resources?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I cannot say precisely. Work is being done on these estimates but it will be some time before they are ready.

INQUIRY AS TO MEETING OF EXTERNAL AFFAIRS COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the hon. member for Middlesex East in his capacity as chairman of the standing committee on external affairs. Can he say when that committee will meet again in order to hear statements by Hon. Ray Lawson and Mr. Zeckendorf, as decided at the last meeting of the committee?

Mr. H. O. White (Middlesex East): Mr. Speaker, I am not a member of the government or the cabinet.

Mr. Knowles (Winnipeg North Centre): On previous occasions when we have asked questions about committees and have addressed our questions to members of the cabinet, we have been referred by the cabinet to the chairman of the committee in question. That is the reason I addressed my question properly to the chairman of the committee.

Mr. Fleming: Not on orders of the day.

Mr. Speaker: I do not know whether or not any hon. member wishes to address himself to this question, but it seems to me that arrangements of the house are discussed before orders of the day when questions are being asked. While it is an arrangement with respect to a committee, I think it is probably a matter that could be inquired into in the house. If the chairman can give any information he might do so.

Inquiries of the Ministry

Mr. White (Middlesex East): Mr. Speaker, correspondence is going on in an endeavour to arrange dates that are mutually agreeable. We hope the end of next week will be the probable date, but it is not definitely set yet.

[*Later:*]

Mr. Speaker: Before the orders of the day are called may I say this with reference to my previous statement about the inquiry of the hon. member for Winnipeg North Centre as to the meeting of the committee. Rule 39 reads in part as follows:

39. (1) Questions may be placed on the order paper seeking information from ministers of the crown relating to public affairs; and from other members, relating to any bill, motion, or other public matter connected with the business of the house—

I am not sure whether that would extend to the question that was asked, but I shall look into the matter against a future occasion when the same point may arise.

REQUEST FOR MEETING OF AGRICULTURE COMMITTEE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): In the absence of the Minister of Agriculture I should like to address a question to the Prime Minister. In view of the fact that officials of farm organizations are presently in the city, and reports indicate that more representations of farm organizations will be in during the coming week, will the minister instruct that the committee on agriculture and colonization be called into session so the various farm organizations may make representations to that committee concerning agricultural problems.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have no power whatever to call the committee. However, I will look into the implications incident to the question, and if in my opinion consideration should be given to the request, I will give it that consideration which it deserves.

AIR TRANSPORT

PROVISION FOR FLIGHT ENGINEERS ON NEW JET TRANSPORTS

On the orders of the day:

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I would like to direct a question to the Minister of Transport. Has the minister received a brief from the Canada chapter of the flight engineers' international association which states that of the 300 commercial jet transports of the DC-8 type already ordered by the air lines of the world, the Trans-Canada Air Lines cockpit design indicates that it will be the only air line in the world planning to operate these 144 passenger planes without the services of a flight engineer?

If so, would the minister look into the matter to determine whether or not any public safety factor is being overlooked?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not received any such document, but I will certainly look into the matter.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Transport supplementary to the question asked him by the member for Kootenay East. Is the minister not in a position to make a statement to the house concerning the meeting which was supposed to have been held yesterday between the flight engineers' international association and the air services branch of the department with respect to the crew complement of the new DC-8 jet aircraft?

Mr. Hees: No, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Will the minister look into the matter and make a statement tomorrow?

Mr. Hees: Yes, Mr. Speaker.

REQUEST FOR PUBLIC INVESTIGATION INTO HELICOPTER CRASH

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Can the minister tell the house what was the passenger-carrying capacity of the Bell helicopter which figured in an accident recently, and whether a public inquiry will be held into this unfortunate tragedy?

Hon. George H. Hees (Minister of Transport): I believe the carrying capacity of that particular helicopter is three. A press release was issued by my department yesterday regarding this very unfortunate crash, and for the information of the hon. member and the house perhaps I might read it.

A technical board of inquiry has been convened to investigate the circumstances surrounding the crash of a departmental helicopter at Shirley's Bay on Friday afternoon, it has been announced by the Department of Transport. Chairman of the board is A. J. Burleton, Toronto, and member is W. Gadzos, Ottawa. Both are departmental officials.

The transport department brought in two specialists from the Bell Helicopter headquarters at Fort Worth, Texas, to assist the department's team investigating the accident in which three were killed. The Bell representatives arrived on Saturday night and on Sunday morning were at the site of the wreckage with transport department personnel. Two additional experts from the plane manufacturing company arrived in Ottawa today. Plans are under way to bring the wreckage of the

helicopter from the Davidson farm machinery shed, in which it was housed over the weekend, into the Department of Transport hangar at Uplands some time today.

The board of inquiry will use the services of the visiting experts and collect evidence from eye-witnesses and others in its attempt to determine the cause of the accident. At the conclusion of the investigation, the board will submit its findings to the Minister of Transport and a summary report will be made public.

Mr. Chevrier: The question I asked was, will it be a public inquiry?

Mr. Hees: If it appears, following the departmental inquiry, that some useful purpose will be served by holding a public inquiry, then a public inquiry will be held.

Mr. Chevrier: Will the inquiry be held under the Department of Transport Act or under the air regulations; and if under the latter, will the minister table the air regulations in question?

Mr. Hees: I am afraid I cannot answer that question. I will check into it and give the hon. member an answer tomorrow.

FLOODS

BEAUCE, QUE.—INQUIRY AS TO ENGINEERING REPORT

On the orders of the day:

Mr. Raoul Poulin (Beauce): Mr. Speaker, I have a question for the Minister of Public Works. Has the minister given consideration to the report received by his department from the engineer who has made an investigation into recent floods in Beauce county, according to his declaration in this house on January 3?

If so, has the hon. minister reached a preliminary conclusion?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I should like to thank the hon. member for Beauce for having given me notice of this question. The report received from the engineers of the Department of Public Works has been considered. The situation with regard to this unfortunate disaster is, of course, as I pointed out last week, that any request for help must come from the provincial government.

BLIND PERSONS

REPORTED REQUEST FOR SPECIAL COST OF BLINDNESS ALLOWANCE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Has the government received recently a request for a special cost of blindness allowance to be paid for life without a means test to all blind adults over the age of 18 years? If so, what consideration has been given to this request?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I made inquiries of my staff this morning on this very matter and actually I have not as yet received any such request although, as indicated in reply to a question by another hon. member some time ago, frankly I am expecting it.

THE SENATE

INQUIRY AS TO CONSIDERATION OF MEASURES FOR REFORM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Prime Minister. I apologize for not having given notice of it, but I was prevented from doing so by circumstances entirely beyond my control. I ask the question in view of numerous inquiries from people who know the Prime Minister's long interest in this matter. Can he inform the house whether he has under consideration any measures required for the reformation of the other place?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I appreciate the good humour in which the question was asked, and I assure my hon. friend that his touch of humour would certainly bring about a measure of reformation in any house.

Mr. Knowles (Winnipeg North Centre): You cannot get rid of him that way.

HOUSING

ASSUMPTION UNIVERSITY, WINDSOR—CONSTRUCTION OF DORMITORY AND OTHER FACILITIES

On the orders of the day:

Mr. D. F. Brown (Essex West): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Have representations been made by Assumption University of Windsor for amendment of regulations under the National Housing Act to permit a loan at a low rate of interest, as is the practice in the United States, for the purpose of enabling the university to provide dormitory and attendant facilities at that university at a time when assistance in aid of employment is urgently needed? If so, what have been the results?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I do not believe any such representations have been received. Such a change would not be a matter of amending regulations; I think it would require legislation.

Inquiries of the Ministry

Mr. Brown (Essex West): May I be permitted to forward to the minister the representations which I think have been made?

CIVIL DEFENCE

INQUIRY AS TO APPOINTMENT OF CO-ORDINATOR

On the orders of the day:

Mr. Stanley Haidasz (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is he aware that the position of chief co-ordinator of civil defence has been vacant for five months, owing to the resignation of Major General Worthington? Has he any intention of replacing him?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I might point out to the hon. member that the post has not actually been vacant for five months. In due course the government will make known its intention in this respect.

SHIPPING

C.G.S. "LABRADOR"—STATEMENT ON PRESENT STATUS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to answer another series of questions put by the hon. member for Laurier during the examination of the estimates of the Department of National Defence regarding the ship *Labrador*, which is coming under the authority of the Department of Transport.

The *Labrador* is undergoing naval refit at the present time, following which certain additional work will be necessary for Department of Transport purposes. Details of this are not fully available yet but it is expected that this will involve such items as interior layout, in view of the fact that my department will be operating this ship with a crew of about 85 instead of a naval crew of well over 200; modifications to make the ship conform with safety requirements of the board of steamship inspection, which are somewhat different from those of the military; and possibly certain other technical modifications in view of the expected new winter role of the *Labrador* in icebreaking.

My department already operates a major fleet in the eastern Arctic each summer, composed of icebreakers and supply ships, and the *Labrador* will be added to this operation, which performs extensive military and civil duties. The main function of the *Labrador* in the last couple of years has been in connection with assistance to the U.S. fleet entering Foxe basin for purposes of D.E.W. line supply, a function which is being taken over entirely by my department commencing this year, in so far as provision of ships and organization of supply is concerned. The *Labrador* may be used again in connection with this work, or may alternatively be used on other Arctic exploration convoy and supply work in connection with our general duties, but in any case I am satisfied that her responsibilities in the eastern Arctic are going to increase in the future rather than diminish.

Arrangements are also in hand for the other departments of government to carry on the research work in connection with the use of the *Labrador* which has been customary hitherto. She will also be added to the departmental fleet for winter icebreaking operations, and is expected to serve the gulf and Atlantic area in this role.

Hon. Lionel Chevrier (Laurier): May I be permitted to ask a supplementary question. If I understood the statement, although I could not follow it because it was read quickly, I believe the minister said that H.M.C.S. *Labrador* will be used for both military and civil purposes. The question I am prompted to ask is this. In view of the statement made by the Minister of National Defence that all the naval equipment, defence equipment, had been taken from her, I wonder just how it is going to be used for other than civil purposes?

Mr. Hees: Mr. Speaker, I do not believe I used the word "military". What I intended to say, and I thought I did, was that the ship will be performing the same type of tasks in the summertime in the future as it has performed in the past.

Hon. George C. Marler (St. Antoine-Westmount): I would like to direct a supplementary question to the Minister of Transport concerning H.M.C.S. *Labrador*. As I understood the statement he made just a moment ago it is the intention of his department that the *Labrador* shall carry out in the Arctic the same function as she formerly did when she was a part of the Royal Canadian Navy.

The question I should like to ask the minister is how it would be possible for the *Labrador* with a civilian crew to carry out the very important functions that the *Labrador* discharged when she formed part of the Canadian navy?

Mr. Hees: Perhaps if the former minister and I could get together with the officials of my department we could settle the whole thing.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Surely this is of public interest.

Mr. Marler: I would have hoped the minister would have been able to deal with the question more specifically. I should like to ask him if he does not appreciate that the Canadian public is very much interested in the functions to be carried out by the *Labrador* and the question of how the role she formerly exercised in the Arctic is going to be discharged by a civilian department.

Mr. Hees: In the report I gave to the house I described the work the *Labrador* performed in the past. My department advises me that it is our intention that it will perform the same type of operation in the future. I do not think I can be any more specific than that.

BRITISH COLUMBIA—STATEMENT AS TO MAINTENANCE OF COASTAL SERVICE

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to answer a question asked last Friday by the hon. member for Skeena, one in which the hon. member for Comox-Alberni has expressed a great deal of interest. With regard to the withdrawal of the coastal shipping services in British Columbia hitherto operated by Union Steamships Limited, I am glad to announce that an arrangement has been concluded with Canadian Pacific Steamships under which that company will provide a regular service from Vancouver to Alert Bay, Ocean Falls, Kitimat, Prince Rupert, Port Simcoe, Kincolith, Stewart and Alice Arm. The service will be on a weekly basis, though this may have to be modified at some points if it becomes necessary to provide for additional points of call in the northern area, since only one vessel is available.

It will provide reasonable and adequate transportation for the coastal communities in line with their requirements. Certain other points which are not directly served will receive service by water taxi distribution from the main point of call, or are already receiving regular air service. To the extent that this may not prove adequate, additional arrangements either with Canadian Pacific Steamships or other sources will be considered if this should be necessary.

[*Later:*]

Mr. J. A. Byrne (Kootenay East): I should like to direct a question to the Minister of Transport arising out of his statement with respect to arrangements with Canadian Pacific Steamships to provide service on the Pacific coast. Is there any question of subsidy involved in this arrangement? If so, can the minister say how much?

Mr. Hees: Yes; at a rate of approximately $82,000 for the first three months of the year, compared to $300,000 which it would have been necessary to pay to the Union Steamships company.

MAGDALEN ISLANDS—REQUESTED USE OF ICEBREAKERS TO KEEP NAVIGATION OPEN

On the orders of the day:

Mr. C. A. Cannon (Iles-de-la-Madeleine): Mr. Speaker, may I direct a question to the Minister of Transport. Some time ago the minister made a statement in the house in which he said that instructions were being given to his department to use icebreakers and any other means necessary to keep navigation open along the north shore of the St. Lawrence. At that time I asked him whether he would see that those instructions were enlarged, I might say, so they would include the Magdalen islands, to see what could be done to keep navigation open there. The minister was kind enough to tell me that he would look into the matter, but I have not heard from him since. I was wondering whether or not he could give me an answer at this time.

Hon. George H. Hees (Minister of Transport): I do not recall that particular exchange, but I will be glad to look into the matter for the hon. member and report to him right away.

Mr. Cannon: If the minister will look up *Hansard* he will refresh his memory.

Mr. Hees: I do not deny that the exchange took place, but it must have been some time ago. However, it will not slow me down at all in looking into the matter.

Mr. Pickersgill: You cannot slow down a stop.

HARBOURS

LOWER ST. LAWRENCE—INQUIRY AS TO IMPROVEMENTS IN PORT FACILITIES

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Public Works. The *Financial Post* of January 4 carries an article entitled, "Ottawa Wants to Improve Four Lake 'Seaway' Ports". The article, if I may just read the first paragraph, says:

> Plans for improving four upper lakes ports in time for the opening of the seaway are now before the government. They concern the lakehead, Sault Ste. Marie, Sarnia and Windsor.

The biggest changes and the most extensive works will be required at Port Arthur and Fort William.

Then the article goes on to say that a very comprehensive plan has been submitted to the Minister of Public Works. If this is the case, I commend the government and the minister upon this forward-looking plan. My question is, has the government given any consideration to or has it any plans in mind for the improvement of lower St. Lawrence ports from, say, Seven Islands right up to Montreal in the province of Quebec where, according to seaway economists, more than 50 per cent of the traffic will emanate?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, wherever there is a request for a survey of potential developments in a port, the Department of Transport and the Department of Public Works co-operate to have a survey made by their economic branches. Requests of this type have come from the lakehead cities, from Sault Ste. Marie and Windsor, and investigations have been made by the officials of the two departments. We also are looking into the situation at Father Point on the lower St. Lawrence, but I do not believe there has been any request from other centres on the St. Lawrence for an investigation.

Mr. Chevrier: I understand there have been from Three Rivers and Seven Islands. Does the minister say no?

Mr. Green: Not to my knowledge.

CITIZENSHIP AND IMMIGRATION

INDIAN AFFAIRS—INQUIRY AS TO FIRES ON RESERVATIONS

On the orders of the day:

Mr. Colin Cameron (Nanaimo): I have a question for the Minister of Justice, but in his absence perhaps his parliamentary assistant can take it as notice. Has the department yet had a report on the disastrous fires on two Indian reservations during the Christmas holidays, one near Duncan and one near Vancouver, which caused considerable loss of life? Is the department making an inquiry into the living conditions on those reservations to which the fires are attributable?

Mr. D. J. Walker (Parliamentary Assistant to the Minister of Justice): I shall be very happy to accept the question as notice.

TRADE

OIL—RESTRICTIONS ON IMPORTS INTO THE UNITED STATES

On the orders of the day:

Hon. L. B. Pearson (Algoma East): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether a note of protest has yet been sent to the United States government in respect of the action taken by that government restricting oil imports into the United States.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, the answer is no. It has not been prepared yet. It is in the process of being drafted.

UNITED STATES—STATEMENT ON REPORTED INTENTION TO INCREASE GIVE-AWAY PROGRAM

On the orders of the day:

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I desire to reply to a question addressed to me last Friday, January 3, by the right hon. member for Melville. The question was:

Has the government taken note of the declared intention of United States agricultural secretary Benson of increasing by 50 per cent in 1958 the farm surplus give-away program of that country and has the government taken any steps to protest this decision?

I took the question as notice. On the next day, January 4, an almost identical question was addressed by the hon. member for Laurier to the Minister of Trade and Commerce. I can best answer the question that was addressed to me by giving the reply made by my colleague the Minister of Trade and Commerce last Saturday. We are aware of the proposed action on the part of the United States. I do not think any action on our part is necessary. The United States surplus disposal program is not likely to interfere with the sale of wheat to our cash customers, and that is one of the main points about which we have been particularly concerned.

PUBLIC SERVICE

REQUEST FOR STATEMENT ON DISMISSAL OF J. GEORGE NEUSPIEL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Secretary of State, but in her absence perhaps I may direct it to the Prime Minister. In view of the fact that Mr. J. George Neuspiel, who was discharged by the undersecretary of state last October 10, has been reinstated with his status unimpaired and his salary paid back to the time he was dismissed, could we now be told what were the reasons for his dismissal?

Right Hon. J. G. Diefenbaker (Prime Minister): I have no information sufficient to answer the question, but I shall give it to the Secretary of State for her consideration on her return to the house.

TELEVISION

MARITIME PROVINCES—REQUEST FOR COVERAGE OF BOXING MATCH ON JANUARY 10

On the orders of the day:

Mr. H. J. Murphy (Westmorland): I should like to direct a question to the Minister of National Revenue arising out of his answer on January 4 in which he stated that the microwave connection would not be completed in the maritime provinces until February 2. This question can be taken as notice, and the minister can draw it to the attention of the C.B.C. Can the minister report to the house what progress is being made by the Canadian Broadcasting Corporation to have the Durelle-Anthony fight televised live in the maritime provinces? I may state that I have received about 50 telegrams from people and organizations in the Westmorland county area concerning this matter.

UNEMPLOYMENT INSURANCE

VANCOUVER—REPORTED INEFFICIENCY IN PROCESSING CLAIMS

On the orders of the day:

Mr. Frank Howard (Skeena): On Saturday last I directed a question to the Minister of Labour relating to alleged inefficiency in the processing of claims in the Vancouver unemployment insurance office. I wonder if he is in a position to give an answer at this time?

Hon. Michael Starr (Minister of Labour): In answer to the hon. member's question about the alleged inefficiency of the unemployment insurance office in Vancouver, I should like to inform the hon. member that while I have received a number of inquiries from the united fishermen and allied workers on a number of subjects, I have not as yet heard from them on the point he raised. When and if I do hear from them, appropriate action will be taken.

MATTAWA, ONT.—STATEMENT ON REQUEST FOR OPENING OF OFFICE

On the orders of the day:

Hon. Michael Starr (Minister of Labour): On Saturday last the hon. member for Nipissing asked a question concerning the opening of an unemployment insurance office in Mattawa. I should like to inform the hon. member that I have asked my officials for a report on the situation in that area, and I shall be glad to make it available to him as soon as I have received it.

OLD AGE PENSIONS

INQUIRY AS TO RECOVERY OF ALLEGED OVERPAYMENTS

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Minister of National Health and Welfare. Is the minister aware that some old age pensioners are receiving as little as $21 a month as a result of the department collecting up to $34 a month to recover alleged overpayments of old age assistance? If so, is the minister contemplating any arrangement to alleviate this abominable and heartless situation?

Hon. J. W. Monteith (Minister of National Health and Welfare): I should like to thank the hon. member for giving me notice of his intention to ask this question. I am unable to determine exactly whether the overpayment referred to is being recovered from current old age assistance or old age security payments. This makes a considerable difference, since in the former case it is the province which effects the recovery, while in the latter case it is the federal authority. If the hon. member will give me the details of the case or cases he has in mind I shall be glad to look into them and let him have a reply as soon as possible.

GRAIN

MANITOBA—ALLOCATION OF BOX CARS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Last Friday I asked the Minister of Trade and Commerce whether or not he had received a brief from the co-operative elevator association of Manitoba requesting action on his part to bring about a more equitable distribution of box cars. At that time he indicated that he had not seen the brief. I wonder if he has seen it since, and if so what action he has taken to meet that request?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have received the brief and I have it under study. I am giving full attention to it. I hope to have some satisfactory—I was going to say solution, but I am not sure whether or not you can get a solution to these problems, but some satisfactory proposal to make very soon.

POST OFFICE DEPARTMENT

BURLINGTON, ONT.—ALLEGED INFRINGEMENT OF MUNICIPAL BY-LAWS

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Postmaster General.

Is the minister aware that the postal department has been involved in the infringement of two municipal by-laws in Burlington, Ontario, in regard to rented premises, as to which it is reported charges are to be laid? If so, is he in a position now to give the house any details on this matter?

Hon. W. M. Hamilton (Postmaster General): I have no personal knowledge of the subject and would not expect to have, since matters of this kind come under the Minister of Public Works.

Hon. Howard C. Green (Minister of Public Works): I do not know whether the Postmaster General or myself or both will have to go to jail over this alleged breach of the law, Mr. Speaker; but if it is a responsibility of the Department of Public Works I shall be glad to have the matter looked into at once.

POSTAGE STAMPS—METHOD OF BUYING TO OBTAIN CORNER BLOCKS

On the orders of the day:

Mr. Louis Lewry (Moose Jaw-Lake Centre): Mr. Speaker, may I direct a question to the Postmaster General, based on the announcement he made in this house on Friday, December 20, of interest to stamp collectors. He announced that there was a change made by the previous government in connection with the cessation of plate numbers on sheets of stamps. I am wondering as a matter of clarification if he can say now whether it is necessary for stamp collectors to buy entire sheets in order to obtain new blocks of four, under the new policy of the government.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, it has always been necessary for stamp collectors purchasing from the philatelic section, in order to acquire a block of four stamps, to purchase either the entire sheet or a portion of the entire sheet, depending on the value of the stamp. That policy will be continued in the future.

NATIONAL PARKS

GARIBALDI, B.C.—REQUEST FOR DEVELOPMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask a question of the Minister of Northern Affairs and National Resources. In the light of the minister's announcement indicating an active interest on his part in the development of Canadian parks and in the tourist business, will the federal government reopen negotiations with the government of British Columbia to make a national park out of Garibaldi park so the citizens of the lower mainland may at an early date enjoy the blessings of Canada's greatest and most magnificent but as yet undeveloped playground?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The minister will take this matter under advisement.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO DATE OF PAYMENTS TO QUALIFYING FARMERS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I wish to direct a question to the Acting Minister of Agriculture. Have the payments under P.F.A.A. been made to qualified producers in the prairie provinces?

Hon. Howard C. Green (Acting Minister of Agriculture): We will take that question as notice.

Mr. Speaker: I think that question might well have been put on the order paper.

SUPPLY

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of supply.

FEDERAL AID TO EDUCATION

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I want to introduce discussion of a matter which I think is of fundamental importance not only to the whole of Canada but to all those countries which are linked together in an attempt to protect our democratic institutions and our way of life, and also to strengthen and develop our resources in view of what is being done in the several countries behind the iron curtain.

Two days ago we adopted the estimates of the Department of National Defence in an amount of approximately one and three-quarter billion dollars. I suppose hon. members felt that amount was essential in view of representations made by the government and in light of the agreements made by the government of Canada with our NATO allies and other countries across the world, but I want to submit that there is something of equal importance which we should reconsider. That is the manner in which we can promote the welfare of our educational institutions and how we can build up within our country a corps of people, not only those who are educated and who understand the implications of our society and of the culture of the country in which we live, but also a people who will understand the necessity of improving our educational facilities in order that we shall

not be left behind on an international basis in the development of our culture and our scientific and technical resources.

Over the past few years various Canadian citizens occupying positions of some importance in many parts of our country have visited iron curtain countries. I am not going to quote them again but I am merely going to refer to people whose words I have quoted recently; Mr. I. Norman Smith of the Ottawa *Journal;* Mr. James Muir, president of the Royal Bank of Canada; Mr. James S. Duncan; the former president of Massey-Harris of Canada and now chairman of the Hydro-Electric Power Commission of Ontario, who was also the gentleman who, apart from the Minister of Trade and Commerce, led the recent delegation of Canadian businessmen and others to the United Kingdom.

From time to time I have also had the opportunity of speaking to ladies and gentlemen—of various viewpoint, I might add—who over the last year or two have visited some of these iron curtain countries and have seen what is going on in them. I have mentioned the statements of the gentlemen I have named, but there is also a long list of those whom I have not named, all of whom have outlined the tremendous expansion of educational facilities, scientific research and technical advances made in Russia.

To my mind if we are going to, shall I say compete, though perhaps that is not the right word to use, in the world in which we live, not only for the minds of men but also in order to impress upon all peoples, particularly those in underprivileged areas, that the manner in which we develop our educational institutions and our scientific and technical resources is in the end going to bring a better result than the perhaps more regimented system of Soviet Russia and the iron curtain countries, then I think we have to do a great deal more than we are doing to improve facilities of this nature in Canada.

I do not think we are doing enough. I would like, indeed, to transfer from the military commitments and expenditures that we are making, a substantial number of dollars to be used in Canada for purposes of education; because I believe that in the long run the struggle that is going on in the world will not be settled on the field of battle, will not be settled by missiles, will not be settled by sputniks, will not be settled by planes or any of those things about which people are talking so much today, but will ultimately be settled by the peoples of the world when they understand one another and when they understand the condition in the countries in which they live.

Because I believe that, Mr. Speaker, I think the taking of this opportunity this afternoon is well worth while. So far this session no opportunities have been afforded for a discussion of this description. Usually we rely on private members' resolutions regarding federal aid to education, but quite obviously we are now so far advanced in the session, with so few private members' days remaining, that if there were resolutions of this description on the order paper it is unlikely that they would be reached.

So I say that the problems of education and research have become of such critical importance as to merit top priority in government planning. We have been giving top priority to military equipment and so on. Now I believe we should be giving top priority to the planning of education and to the planning of research.

As I indicated a few moments ago, visitors to Russia, papers in scientific journals, and other reports coming from the Soviet union indicate the spectacular successes which have been made in recent years; and if this needs to be underlined it has been underlined by the appearance of the sputnik which was launched in October. Maybe it is just a rumour that a rocket has been launched carrying a man; maybe it is not true; none the less the very fact that scientists have stated they would not be surprised if it were true indicates the extent to which scientists throughout the world believe that great progress has been made in this field in that country.

And so I say that our very survival as a nation would seem to require an unprecedented effort in the field of education; unprecedented effort in bringing our educational system up to a level much higher than it is at the present time. I am not belittling what is being done in our schools and colleges. I am not belittling our system which has evolved over the years, but I say we have to vastly increase the educational facilities of this country and vastly increase the funds available for our educational system.

Not only that, but I believe our ability to maintain the prosperity of our country at a high level depends, in the age in which we live, very largely upon the education and training of those who are connected with every field of human endeavour within our country.

We know perfectly well, looking back over the years, that among nations which some years ago had populations which were more or less illiterate, standards of progress were much lower than among those who had more literate populations. We know that with the coming of the great machines in the last half

century particularly there has been an ever-increasing need for persons better qualified educationally than their forefathers were, in order to operate those machines. Consequently, not only in the field of culture, in the field of national defence and in the field of research, as I have indicated, we need, in order to maintain a level of prosperity in our country, an educated and well trained population.

May I add that I believe the better educated people are, the more likely they are to be democratic in their approach to problems, the more likely they are to resist the teaching of totalitarians, whether those totalitarians are fascists or whether they are communists, because we have found over and over again that the more backward the peoples of the world are, the more likely they are to be led into totalitarian forms of rule.

I know it may be said that some of the leaders were highly educated people; that Lenin, Trotsky and some of the others who led the Russian revolution were highly educated people. So they were. But the power which they had through their own personal education over the peoples of the countries in which they lived was due in large measure to the fact that the people they controlled were so largely illiterate, so largely uneducated and so largely untrained. Consequently the more education we have, in my opinion, the more likely people are to be free of totalitarian inclinations.

In recent years we have scarcely managed to maintain the personnel in our schools and colleges and in our scientific endeavours. We have seen many young men and many middle-aged men who should be teaching mathematics, chemistry and physics leaving our universities and schools and going into private business in different fields, joining companies to take up certain lines of research, with the result that they have been largely lost to the training of the younger people who must replace them not only in industry but as university leaders in the days to come.

As a matter of fact I think this country has lagged behind in the field of research. It is true that some of our industrial organizations have set up research laboratories, but these private organizations set up by industry have a definite aim, the aim of improving the output or product of that particular industry; in other words, their research is directed to a given end. Yet the significant research which has been done in the world in the last 25, 30 or 50 years is not of that type. The type of research we need is what is sometimes called pure research, pure science, where the scientists are not engaged in looking toward a particular end but are, rather, following a path in order that they may find new paths, new goals, new ends.

In our own country, of course, the one exception is our national research council, yet those who were on the committee dealing with the national research council two years ago will recollect that while we found it was doing a magnificent job, the encouragement given with regard to salaries, with regard to tenure and to some degree, perhaps, with regard to equipment, was not all that might have been expected of Canada under the present circumstances.

Of course we have the defence research board. But the defence research board cannot be compared with the national research board, because no matter how efficient the defence research board may be it is conducting research toward a particular end, namely the equipment and improvement of our means of defence. The national research council on the other hand is directing its attention to pure science, and in my opinion we are not doing enough in that field; we are not giving enough encouragement to the national research organization. To my mind we should be emphasizing to a greater extent than in the past the facilities of the national research council and building up a corps of pure scientists who can be working to achieve the kind of results which pure science investigation will give. After that the other research organizations can take the results of the pure research and use them in the narrower channels of applied research which industry encourages.

Recently I read the *Atlantic Monthly* of January, 1958. I am not going to quote from it at length. It said that in the United States, for example—and I think about the same proportion applies to Canada—five times as much is spent on chewing gum alone as on the basic, pure or theoretical as distinct from applied research. And yet it is the pure research that leads us into the applied and to the new knowledge upon which further human advances can be made.

Therefore, the first point I want to make is that within our educational system this parliament of Canada, within its own field, —I am not going outside that field at the moment—should be spending far more than it is spending on pure research; in other words, on an organization like the national research council. Or it should be expanding the national research council because of the tremendous contribution it has made to the life and welfare of Canada already.

This is the first point I would make because we have it within our own jurisdiction. It is not a question of interfering with

provincial jurisdiction in that type of facility and that type of education. Under the national research council we might establish scholarships. I think they have some scholarships now. We learned that, as a matter of fact, when we were on that committee. But we should expand those scholarships and bursaries in order that more young men and young women should be encouraged to go into the field of pure science, the science which is the basis of all other scientific research.

I am working down to the university level. When we think of the university facilities in Canada and what was said by the presidents of the universities—and I am very happy to see that we have the former president of the University of Toronto in the house this afternoon as the Secretary of State for External Affairs—we find that they have been warning us that the facilities are inadequate and that we need to make quite a tremendous expansion of university facilities if we are to accommodate the young men and women who will be not only desirous but who will have the ability to benefit from a university education. Therefore we say that not only in the Canada Council, through which we are providing some scholarships, but in a much larger way we should be providing scholarships for our young men and women in our universities and expanding the facilities of those universities in order that they may be available to the young men and women of ability who might wish to enter those universities.

May I say that I think the time has come when we in this country should establish a system for our young people so that every young man and woman, every adolescent every boy and girl, if you like, beginning at the bottom, who shows ability to benefit from a university education should be able to go into science and so on without regard to the level of the parents' purse or the economic circumstances of that young person. He or she should be enabled to go right through without any individual payment from the family or from himself or herself. Of course, if the young man or woman can earn a little on the side that is all to the good, but as a rule they cannot earn enough to put themselves through, although in the last year or so I am free to confess more young men and women have been perhaps able to earn in the summer much more than they could 10 years ago and certainly more than they could 20 years ago in order to assist their university courses. Yet even then they cannot provide for themselves because the cost of university training and of living is so high.

When I look back over the years when I was a student and realize in those days how difficult it was to find the comparatively small amount that was required I wonder how many parents of the students who are at university today manage to put their young people through university. Therefore, we have to build an educational system, and I think it is the duty of this parliament to consider ways and means, to consider how we can assist the provinces without interfering with their constitutional rights to control their educational system, to bring our university levels up, to promote scholarships and to make it possible for every boy and girl of ability to receive the best education that this country can give them.

When I was overseas in 1956 I was most interested to see how that was being worked out in the country where I was born and where I began school over 60 years ago; how they are endeavouring, and successfully, to promote the idea that boys and girls of ability, from the humblest homes, should get an education that will equip them in every possible way, both culturally and scientifically, to assist in the development of their country. Mr. Speaker, I said deliberately "culturally and scientifically" because I am not one of those who believe that—while this afternoon I have advocated and shall continue to advocate that we should do what we can to encourage pure science—we should turn out merely people who are scientists and neglect the cultural side of their education. I think there is a danger in that, as there are dangers in most things if you overemphasize one side of a problem or the other.

A year ago last September there was a conference on engineering, scientific and technical manpower at St. Andrews by the sea. It was held from September 9 to September 11, 1956. What did that conference say? I am not going to read the entire brief, I am just going to put some extracts on the record. First of all, the brief said, that by 1980 to remain competitive with other industrial nations, on the basis of the projected increases in output per capita and projections of other fundamental factors, Canada will need—these are the rather startling things that those people engaged in those fields put before the conference—to at least triple and probably quadruple her currently employed total of some 40,000 engineers.

When I listened the other afternoon to the Minister of National Defence (Mr. Pearkes) talking about the new equipment, and so on, it was again brought home to me that no longer is manpower the essential thing even in an army, a navy or an air force, though it is very important; the essential thing is that that manpower shall be of a particular

type; that manpower shall be trained in all kinds of technical and modern fields. This brief says that in industry alone we need to triple and probably quadruple the currently employed total of some 40,000 engineers in our own country and to triple and probably more than quadruple today's scientist force of 20,000. As a matter of fact, our scientific forces are not increasing at the rate that is essential if we are to keep up with what is going on in other countries in the world, and when we think of Canada as a country with vast resources still to be developed we must realize that scientists, engineers and technicians are going to play an essential part in the development of those resources if they are to be developed either in the interests of private enterprise or in the interests of public enterprise. Of course, I should like to see our resources developed instead of exploited and therefore developed under public enterprise but I am leaving that out of the question because I am not dealing with that particular phase this afternoon.

The brief goes on to say that we need to have almost ten times as many technicians assisting our scientists and engineers as are employed today. When I was in Europe in 1956 I found—I am not sure that they are altogether wise in doing this—that there was a disposition at a comparatively early age, around the age of 12 in most instances, to try to divide the students in the schools into two groups, those who would go on to technical education and those who would go on to scientific and cultural education. They were not divided according to the types of homes from which they came; they were divided, as far as their teachers could judge them, on the abilities they showed and their aptitudes. Those who showed aptitudes indicating that they had the ability to absorb a higher education in the cultural or scientific fields were led along through the universities where they could take not only the usual degrees but could afterwards continue with postgraduate work.

These young people are sometimes picked off. I am thinking of a young man whom I know very well and who graduated in chemistry in 1956. He ranked very high in his class and shortly afterwards he received a letter from Harwell, where the main United Kingdom atomic energy research plant is located, inviting him to submit an application to Harwell. Evidently the standards of the various students who graduated in 1956 were reported to Harwell by the board of examiners of the university. I may say I was astounded to learn that the young man had been called up for military service. In spite of the fact that Harwell invited him to submit an application, today he is commissioned in one of the armed forces of the United Kingdom and instead of teaching applied chemistry or pure chemistry he is teaching radar about which, until he was sworn into the armed forces, he had known nothing at all. What a waste of ability!

I rather suspect that if we examined our armed forces, be it the air force, the army or the navy, we should find in the ranks young men who have ability in the fields I am discussing this afternoon but who have been sidetracked into the armed forces because the armed forces have been offering the bright young men of our country educational opportunities and careers and have enticed into the armed forces young men who perhaps might have been better utilized outside the armed forces. However, in order to obtain an education these young men have joined our armed forces. I, of course, compliment the Department of National Defence on giving them this opportunity which we refuse to give in other and more productive parts of our society.

The brief says that we need to provide ten times as many technicians as are employed today. We are told that the existing capacity of our colleges, universities and technical schools is producing one-twentieth of this requirement, and to provide for our requirements for technicians would absorb about 10 per cent of our matriculation graduates who do not go on to or complete university training. We say that the needs cannot be met from either the existing rate of university enrolment or from a continuation of the current rate of increase in enrolment, and if we have the enrolment we have not got the facilities. Over the last year or two we have been seeing our great universities endeavouring to raise money from private corporations and private citizens, and to some extent some of them have done very well. But we cannot rely on that source even if these funds are deductible for income tax purposes in one way or another. As a matter of fact, I often think that their deductibility for income tax purposes is really an indirect way in which the country itself is providing funds. I say we should be providing funds in a direct way through the parliament of Canada and the legislatures of the provinces.

We are falling far short of exploiting the full potential of those capable of assimilating higher education and utilizing it to maximum effectiveness. I might add that undoubtedly we have some young men and women in our universities and high schools who should not be there but because their parents are well enough off to keep them there they are kept there. On the other hand, many young men

and women have the ability but their parents do not have the funds and these young people are not able to take advantage of our educational system.

By 1980 we shall have to increase our university enrolment by as much as three to four times to satisfy our indicated requirements at that time, so the brief says. By 1980 we shall have to increase our enrolment of today by seven or eight times to enroll the same proportion of the age group now enrolled in the United States, which is quite a bit ahead of us. We are in a very poor position compared with Russia and the United States. Russia proportionately has four times as many enrolled in schools of higher learning as we have in Canada and the United States has three times as many.

I could go on and give a good many other figures in support of our contention regarding higher education but I do not think I need to do that. I think I have made my point sufficiently clear in that regard. With our present performance we shall graduate between three million and four million students from high school who will not graduate from university over the period from 1956 to 1980, a period of 24 years. In the United States 53 per cent of those entering grade one graduate from secondary school. In Canada 20 per cent complete junior matriculation and slightly more than half of these complete senior matriculation. So in that way we are falling far behind the United States, and if we can believe the statistics and the reports we have received from the U.S.S.R. we are falling very far behind Russia in the same particular.

We are told that with no increase in the percentage of the age group graduating from our universities, 63 per cent of the graduates should be absorbed in satisfying our indicated requirements for scientists, engineers and post-secondary or university teachers. It is presently absorbing, we are told, 21 per cent.

We should consider carefully, therefore, in this parliament of Canada a program to influence the secondary school graduates now enrolled to continue their education, even if they do so on a part time basis. Again, we should provide facilities to enable them to do so, because there we have a vast reservoir of additional scientific, engineering and technical manpower which could readily be tapped if only the proper incentives were provided. Of course, out of all this stems the need for properly qualified and highly equipped teachers.

I had the great honour and privilege 30 years ago of being the president of the Canadian teachers' federation. For the next six years, from 1928 to 1934, I was the national secretary treasurer. During those years there was borne in upon me the fact that the teaching body was not a teacher's profession but a teacher's procession. There was a procession of young men and young women entering and remaining for a few years time, then finding more remunerative employment. There has been some improvement over the past several years. The provinces have adopted superannuation plans. The provinces have adopted salary schedules, and have given greater security of tenure to the teachers. Some have organized their areas, of course, into larger units making that security more complete than it was before. However, we still need to encourage more young men and women to enter the teaching profession.

In the primary, secondary and university levels, educational finance is inadequate and unequal. I was looking at a bulletin published by the research committee of the Canadian teachers' federation, whose head office is in this city at the present time. It is dated December, 1954, which is the latest one I could get. This report uses a number of yardsticks with which to measure the provinces' ability to support education. As I said at the beginning, under our constitution education is primarily a provincial function. We believe however that this parliament of Canada not only has a right but an obligation to see that education across Canada is adequate, and therefore we believe the federal government has the right to make grants to our provinces for that purpose. The federal government has no right to interfere with the management of education in a particular province. We recognize that very fully. These yardsticks of the research committee of the Canadian teachers' federation are useful in indicating the differences in the provinces' ability to provide education.

These statistics provide also striking evidence of what we have long advocated in this house. May I say, in order to avoid misunderstanding, that not only have we advocated, but some hon. members on all sides of the house from time to time have advocated in this parliament over the years federal aid to education. I regret that my own good friend who used to introduce his resolution on this subject every year is not here, that is Mr. Roy Knight of Saskatoon, himself a teacher of many years' standing. Others have done the same thing. I am not taking for this party or myself the sole credit for bringing this matter before parliament year by year.

Let us look at the report to which I referred. This report notes that a major reason for educational differences between

provinces is differences in financial ability. As a yardstick of financial ability it compared per capita personal income figures of the provinces. It goes on to say:

> The best available measure of a province's ability to support the various functions of government is the per capita personal income of the individuals within the province. It quotes per capita personal income figures for 1951. However, comparable figures for as late as 1956 are now available.

I am going to put those comparable figures on the record this afternoon. The per capita personal income in 1956 for the whole of Canada was $1,350; for Newfoundland it was $725; for Prince Edward Island, $788; for Nova Scotia, $1,000; for New Brunswick, $923. Unfortunately those four Atlantic provinces have the lowest per capita incomes and yet, may I say that in days gone by at least many of the leading educationalists across Canada came from the Atlantic provinces and particularly from Nova Scotia. Look over the list of university presidents over the last number of years and one is surprised by the number of them who came from the Atlantic provinces, some from very humble origins. The opportunities which those men had then to get a higher education equipped them to occupy these very important positions in the field of education. Those opportunities are not there in the same way today because it is not as simple for a young man or a young woman to go through school and get a higher education, particularly a university education, as it was in those earlier years of our century.

The per capita personal income of Quebec in 1956 was $1,180; Ontario, $1,595—more than twice as much as Newfoundland and almost twice as much as Prince Edward Island—Manitoba, $1,260; Saskatchewan, $1,291; Alberta, $1,370 and British Columbia, in which they include the Yukon and the Northwest Territories, $1,566. Now, those figures are very revealing because they indicate the financial ability of the various provinces of Canada to carry the educational burden. As I have already indicated, though I have not said it, education is not only of interest to the various provinces or localities in which young people live but it is of interest to the whole of Canada. If you educate a boy or girl in Nova Scotia or Newfoundland, British Columbia or Saskatchewan, you have not guaranteed that your return on that young person's education will be made to the province which educated him. His contribution will be to the whole of Canada. Consequently, from that point of view the whole of Canada has responsibility for our educational facilities.

I was going to refer to numerous other sectors of this report, but I am not going to do so because I think I have established my point quite well that education is of direct interest to all Canada.

Therefore federal aid for education should be provided from this parliament of Canada without—again may I say—interfering in any way with the management of education by the several provinces of Canada. Of course the systems of education that have arisen in our provinces have vital differences. To try to control education in any province would cause great difficulty for us all, besides which it would violate the fundamental consideration of the confederation agreement. I do not suppose we would have had confederation at all unless the fathers of confederation had agreed to leave education as one of the principal functions under section 92 of the British North America Act to the provinces of Canada. Because of what I have said—and I shall have very little more to say afterwards—I am going to move this amendment, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That all the words after the word "That" to the end of the question be deleted and that the following words be substituted therefor:
> "this house is of the opinion that the government should give consideration to the advisability of taking steps to relieve the financial crisis in education, without encroaching in any way on the exclusive jurisdiction of the provinces in this field, by granting financial assistance to the various provinces for the expansion and equalization of educational opportunity across Canada."

What I have said this afternoon falls into two categories. First of all, there is what we can do ourselves. I mention particularly the extension of the facilities and the attractiveness of work in the national research council. I believe that to be absolutely fundamental to encouragement of pure science in this country. It is the only organization in Canada equipped and experienced in the field of pure science. Other research is applied science. We need more of the type of pure scientific research in this country than we have had up to the present time. I say that it would pay big dividends to our country.

I was going to refer—and I am just going to mention it because I do not intend to deal with it at any length; I have spoken long enough already—to the report that was made by Dr. LaZerte who was engaged by the Canadian school trustees' association to make an investigation of our educational system several years ago. It is a long report but there is a synopsis of it published. Dr. LaZerte is one of the outstanding educationists in this country. He was professor of education at the University of Alberta for a long time. I knew him years before that when, as a young teacher, I listened to him speak at the Saskatchewan educational association

during the first world war. Dr. LaZerte has made a tremendous contribution in several fields of education. I believe that today, being retired from Alberta, he is lecturing in the University of Manitoba in education.

Mr. Knowles (Winnipeg North Centre): That is right.

Mr. Coldwell: His report is one that should be read by every member of parliament because he makes an analysis of educational opportunities and facilities from the primary school right through to the secondary school. It is rather technical. That is why it is perhaps out of place to quote it at length in this house this afternoon. However it is well worth reading and I recommend it to hon. members of this house for their study.

We therefore would say to the government: You can provide, $1,750 million, one third of our entire budget, for defence in the military field; yet we are doing nothing substantial in what I believe to be a more effective field of defence, namely the field of education. As a matter of fact, the provinces are inadequately equipped to raise the money necessary to build up and carry on an educational system such as we need if we are to outrival the people who today are threatening us in so many fields, including the field of education, scientific and technical. The complexity of our present economic society is such that only the federal government can tax wealth wherever found in order to pay for educational services where needed. No other authority has that power. This federal parliament of Canada has the right to enter any field of taxation and to tax wealth where it can be found. In other words, we are the only ones who can provide sufficiently for the higher education that is essential to meet the needs of this country in this age of complexity, in this age of scientific and technical progress.

I plead with this house, Mr. Speaker, to support this amendment so that we may indicate to the government that we require a vast expansion of all kinds, of facilities and opportunities of education. This parliament alone can provide the necessary funds to enable us to do that so that Canada may progress as she should. We should provide them.

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, there has been a certain switch in educational circles in the last few months as a result of scientific developments and education, which a short time ago had a sort of civil war going on within its ranks—rather the traditional versus the progressive—has now become something at which everybody is taking—I was going to say "optimistic" but that is hardly the word—a very pleasant look. Everyone is very much in favour of it. What I wanted to refer to today was that aspect of the resolution that would deal with universities, the nature of the crisis that we have at the present time and the measures that need to be taken to improve our position in higher education.

As one who has been in the classroom fairly recently I may say that there are two features which stand out about our failure and which have nothing whatever to do with the events in Russia. I think the first one—at least I place it first in importance—is the fact that the young ladies or the girls in our society are not getting the opportunity to go to university in anything like the numbers they should, according to what surveys reveal they have the capacity for. It may seem odd that I should place that matter first but it seems to me that is one of the great reservoirs of talent that we are not using. I suppose it will take almost a social revolution to get us to do something about that matter. I wanted to put it first in order to keep it in people's minds.

The other point which is very apparent and which was brought out by the leader of this party a short time ago was that equality of opportunity in education is something that we all treasure and believe in. I do not think there would be a gentleman in this house who would be against the idea that any students who had revealed by academic attainment and by their record that they were capable of higher education should not have the opportunity. Of course the question we are all asking at the present time and which there have been a number of specific studies to determine is this: Is such a condition existing? I hope later in this speech to cover some of the statistics which indicate that we are losing a great deal of talent.

There are four main reasons for saying that the universities of Canada face a crisis today. Firstly, statistics indicate a heavy increase in enrolment over the next 10 years; secondly, is the fact that Canadian universities for financial and other reasons are not even now fulfilling the manpower needs of our own economy; thirdly is the invidious comparisons drawn between Canadian and Russian production of university graduates, especially in the fields of pure and applied science; and fourthly is the fact that only a small proportion of those persons capable of benefiting from higher education are now receiving it.

Enrolment statistics in regard to universities and their projection into the future are usually those given by the education division

of the dominion bureau of statistics, a number of which have been prepared by Dr. Sheffield of that division. We can see from the period 1945-1946 through to the projection to 1964-1965 that there is an estimated enrolment moving up to 122,900 undergraduates. This will be approximately 10 per cent of our 18 to 21 years of age group in 1964-65. The significant proportion of the college age group actually attending is increasing and will presumably continue to do so, but even in 1964-1965, if we project the figures set out by the bureau of statistics, we are still only going to have 10 per cent of the people in that particular age group attending universities. The reasons for the rise from 1945-1946 of only 4.3 per cent probably has to do with postwar prosperity and the various drives for status which accompanied that prosperity. There has certainly been an increased demand for university graduates but the general increase projected for enrolment will come about mainly from population increases. What is anticipated is not a sudden rise and a sudden drop as happened back in 1946 to 1949 with the influx of veterans at our universities but a permanent enlargement of enrolment as a result of higher population figures.

In terms of manpower and our present failure to fill that manpower requirement from the universities it is very hard to give accurate statistics but some of the reports of the Gordon commission indicate that although 15,000 students were graduated by Canadian universities in 1954 it was 10,000 short of the 1954 manpower requirements.

The committee of the national conference of Canadian universities has estimated that Canada will be 190,000 short of necessary personnel in 1965. When we compare our manpower requirements with that of other countries we have to realize that the U.S.S.R. has overtaken us as well as other western countries in the field of higher education.

In 1918, to serve a population of about 140 million, Russia had 96 institutions of higher learning or one institution for every 1,460,000 Russians. Canada at that time had one institution for 315,000 Canadians. In 1953 the U.S.S.R. had 890 centres of higher education. In 1927 university enrolment in the U.S.S.R. stood at 169,000; today it numbers 1,867,000. In other words, the U.S.S.R. has one university student today for every 107 people while Canada has about one for every 200. We are of course also behind the United States in this respect.

The following table shows the percentage of the 18 to 21 age group enrolment in United States colleges. In 1900 the percentage of enrolment there was 4.0 per cent; in 1950 it was 19.3 per cent. In the previous table to which I referred Canada in 1965 will have reached only 10 per cent. In other words, United States today is at least 10 per cent ahead of us in this important regard or in other words the percentage of students in the 18 to 21 age group at universities under our present situation is roughly equivalent to that existing in the United States more than 40 years ago. To put it in another way it is estimated that in order for our university population to reach a level proportionate to the United States and the U.S.S.R. the present Canadian enrolment of around 80,000 would have to leap immediately to between 240,000 and 315,000.

One of the questions we have to ask ourselves when considering our crisis in university education is "who goes to university?" It is surprising how very little is known in an analytical way about this question. There is no national survey at either the secondary school or university level and there are only two or three regional surveys which can answer a few questions. In a paper given to the November session of the N.C.C.U. in 1956 the authors say:

> It can . . . be argued on the basis of the fragments of information at hand that we are utilizing to the full the talents of probably no more than one-third of our academically-gifted young men and women.

This is a vital point if we are wasting that much of the talents of our gifted people. The evidence for this statement of course is very slight. I would like to refer all hon. members of this house to the two recent reports put out by Atkinson study of the utilization of student resources. I have gathered from conversations with the gentlemen behind this study that the new Secretary of State for External Affairs (Mr. Smith), the former president of the University of Toronto, played a fairly large part in initiating this study. This particular book that interprets the initial stages of the study is entitled "Secondary Grade 13 Students—Who are They and What Happens to Them?" I would like to refer to the summary on page 52 of report 2, with relation to the points in connection with who goes to university.

It says that, regardless of sex a student had the best chance if he was somewhat younger than the average prospective grade 13 graduate, if both his parents were living, if he came from a family with not more than three children, if his father enjoyed a relatively high occupational status and especially if he was a college or university teacher, administrator, a lawyer, physician, dentist, an engineer or a manager of a wholesale trade; if his parents were relatively well educated and especially if they had attended

university and if he had not done part-time work during his last year of secondary school. In other words early indications from this report are that if a student's family background is of a high occupational or educational standard he is much more likely to go to the university.

Any of us who have taught in these schools are quite aware that those students are not necessarily those who have the talent or the gifts. A powerful factor however, I am sure, is the position of those students who grew up in homes where university education is something that is prized and discussed and is part of their whole focal point as young people.

One of the other sources of determining who goes to university is the 1951 Canada census, and the main conclusion one can draw from a study of these figures is that if you live in a city you have a much better chance of going to a university than if you live in a rural area, and that if you happen to live in a city which is near a university you have a better chance still. For instance, if you live in Kingston, Toronto or Hamilton you stand a much better chance of going to a university than if you live in a city which has no university in its neighbourhood. This is a point of particular interest to the people of the lakehead where we are at the stage of initiating what we hope will be in a few years a lakehead university and for that reason the question of the price of higher education is particularly interesting to my constituents.

When you get into another phase of who goes to university, and what happens to students when they get there, you come to a discussion of university failure rates. It is known that approximately 33 per cent of university students fail to graduate, but no university has undertaken objectively to discover why. Part of the reason must be the fact that universities are open to those who can afford them rather than to all of those who have the necessary intellectual equipment.

I know of a young lad who has attended four universities. He has never got past the second year. He has put in a total of six years at universities because his father is a well to do man. I interviewed this young man, and was much impressed by his personality and very depressed by his lack of ability. I thought he made the perfect case as to the injustice of federal support for higher education. Even though such young men pay for their education the cost is heavily subsidized by federal grants to the universities and yet they have the jump over other students who never think of going to university just because their fathers are well to do, which points up again the necessity for a new approach to the question of enrolment rather than retaining a situation where money can override more important considerations.

Quebec requires special treatment because of her special situation. At first sight the province appears to lead Canada in the value attached to higher education, and in many ways this is true. At least 40 per cent of the graduates of the public secondary schools, and 96.5 per cent of the graduates of the classical colleges go on to university. The joker is that very few Quebec students enter either tye of secondary institution. The first problem for French speaking schools is not to bring more secondary school graduates into the university; it is rather to bring more boys and girls into the secondary school itself. The 1951 census showed that Quebec had the lowest percentage of the 15-19 age group still in school, 29.89 per cent; the national average being 40.42 per cent. The average for Newfoundland, the next province up the scale, being 38.4, and the averages for Ontario 44 per cent, Nova Scotia 45 per cent, Alberta 50 per cent and British Columbia, 52 per cent. On the other hand, because of the very high proportion of high school and classical college graduates going to university, Quebec's percentage of the 20-24 age group still at school is roughly the same as the national average, 4.5 as against the Canadian average of 4.84. There are five provinces below Quebec. Leon Lortie of the University of Montreal recommended, in effect, a break with the elitist tradition of Quebec education. If I may quote from his speech made at the Canadian congress of higher education:

> The efforts of all are indeed absolutely indispensable, and more especially in Quebec, because we are faced for the first time with the real task of democratizing our system and methods of education.

There has been no visible response to such notions from the Quebec government.

When one comes to the solution of the crisis which the universities face it has been argued that unless there is a limitation on university enrolment the universities are going to be swamped with applicants, and that in consequence there is bound to be limitation.

Apart from the social criticisms which can be made against limiting university enrolment, such a solution is erroneous in that it assumes that the crisis is one involving the universities alone, and of course this is not so. Limitation of enrolment has received a certain amount of consideration from university administrators, most of it unsympathetic. But even those, like Sidney Smith who harp incessantly on the responsibility

of the university to society, set limits to maximum enrolment that are well below the maximum desirable level.

Mr. Speaker, I do not believe it is realistic to think of providing university training in Canada for anything approaching 25 per cent of our college age population. I have doubts even about the 11 per cent visualized in Dr. Sheffield's projection. I do not believe that "realistic" is precisely the word that Mr. Smith had in mind. Norman Mackenzie of the University of British Columbia used the word in a different way in 1948. He said:

> If we are convinced that there are more students demanding education than we can adequately look after, then we should do what we can to see that those who are best suited for it do get the opportunity to come. This can in part be taken care of through higher standards of admission, which should be general in character; and by the maintenance of high standards throughout the courses that are given, whether they be general or specialized. Many will continue to want to enter without any particular intellectual qualifications or for other reasons such as social or economic ones, or in order to fill in time before going into marriage or business. I think this is a fact we have to recognize. They will attempt to get in, and in many cases in the kind of society we live in, it will be difficult or impossible to keep them out. The only way we can meet this problem and deal with it in a realistic way is either to provide, as they have in the United States, not altogether satisfactorily, a larger number of junior colleges for undergraduate and superficial vocational training, or put up with larger enrolments in existing institutions. I do not believe it is realistic to think that we can reserve higher education for a privileged elite, privileged by reason of birth or family or economic position or even privileged by reason of the natural gifts of mind and intellect that they may have. We have to remember that we are part of the community which we serve and in which we live.

Cyril James of McGill University accepted Mackenzie's position in his presidential address to the N.C.C.U. in 1949, but rather tepidly—"whether we like it or not"—when he said that the plea for limited numbers cannot be applied successfully by all universities with any great expectation of success. President Somers of St. Francis Xavier was more forthright in 1955 when he said:

> We can give a very simple answer—hold to the present registrations. There are some who would solve the problem simply by saying that there are too many students of non-university calibre at present in our universities. We may solve the problem by raising tuition costs to the point at which only those with ample means may enter university. Before we accept either of these solutions we have to ask ourselves what are the requirements of this growing country of ours in regard to higher education. Canada must have educated leaders in all fields, and today these fields are many. Universities cannot restrict their work to a small elite and pay no attention to their country's needs. We cannot be content with the education of the same percentage of our youth as we now have in Canadian universities, even although that may give us a 50 per cent increase in students by 1965. We know that at least 25 per cent are of university calibre. We should educate many more of the college age group of our population—the group with the talents, who are not in our universities because they cannot afford to pay our fees.

So far only a few universities have announced restrictions in enrolment. Among the larger universities, McGill has done so, limiting the enrolment to 9,500, whereas by 1965 it might have been expected to reach 13,500. Of the middle range of universities, only Queen's plans some restrictions. The rest anticipate at least a doubling of the present enrolment. Of the smaller universities, Acadia and Mount Allison, being almost completely residential, cannot expand unless large grants are made for residences. Bishop's has decided to allow enrolment to expand only slightly above the present level of about 300. Its leaders said:

> We cannot expand beyond 400 without changing the character of the institution, and we feel that Canada can afford the luxury of one small college.

No university administrator has faced the problem of what the universities would do if, for example, a system of government bursaries raised the percentage of the 18 to 21 age group attending university above the projected 10 per cent to 11 per cent. Of the students attending university now only about 15 per cent receive financial aid of any kind and this percentage has not increased over the last 20 years. Mr. James has said:

> A young Canadian from a family of modest circumstance has less chance of getting a university education today than a youth in any other country with which I am familiar.

That is a very sweeping and powerful statement. In other words, we are in one of the poorest positions of all for youth in modest circumstances. In the crisis we have to consider where the universities are going to get the increased revenue. For some years the national council of Canadian universities has been attempting to gain from the federal government certain changes in tax laws governing deductions for charitable purposes in order to increase grants or gifts from private and corporate sources. The fact is that corporations have not taken advantage of the present tax situation. By law, corporations are permitted to deduct 5 per cent of their taxable income for charitable purposes. In 1946, corporations contributed three-quarters of one per cent of their income for charitable purposes; in 1953, about $26.3 million, or about one per cent of their next taxable income; in this year, five per cent would have amounted to about $130 million. The proportion of the .75 per cent in 1946 going to universities was about 14 per cent; the proportion of the one per cent in 1953 was about 10 per cent. When grants are made by corporations they are tied often to specific research projects in which industries are interested. For example, look at the givings of

corporations such as International Nickel and Imperial Oil. There is no necessity for me to comment upon this, the former president of the University of Toronto has done so already. He said:

> We want a great deal of money. Without wishing to sound ungrateful, I have sometimes thought, when a prospective donor makes an offer, that the industrial conscience in some instances can satisfy itself by putting a very small sum on the collection plate. There are shining exceptions . . . but on the whole Canadian corporations have not as yet taken seriously the needs of higher education; they have not even taken advantage of the five per cent deduction from their taxable income permitted under the tax laws of Canada.

Part of the difficulty is that many of our corporations are not Canadian. In our branch plant economy, American-owned or controlled corporations feel little obligation toward the Canadian institutions which often provide them with their administrative and technical personnel.

The fact that corporations are concentrated, or at least their head offices, in central Canada works a hardship on eastern and western universities. In 1952, 84 per cent of corporation taxes were collected in Quebec and Ontario; the two tax districts of Toronto and Montreal accounted for 56 per cent of all corporation tax returns. A president of one of the eastern universities has proposed a kind of united chest and a division of proceeds from corporations on some equitable basis. The complaints you hear from the west and the east on the freight rates, or anything else, can be re-echoed by the universities. The situation is that those provinces in central Canada have quite an advantage and as far as the proposal of this president of an eastern university for a united chest for universities is concerned, I do not know that any of the central Canadian universities have rushed to endorse the suggestion. I have not seen any record of it.

During the last 20 years government financing has been an interesting problem. The university enrolment has more than doubled but the total revenue received by the universities in relation to the number of students has shown virtually no increase in real terms. At the same time real costs have gone up substantially. To carry out university functions, university capacities have been overtaxed, according to one expert; university teachers have suffered a sharp decline in relative real income; and essential university facilities have been skimped. An illustration of the consequences of financial squeezing is the fact that the 10 largest universities in English Canada spend together annually only about $500,000 on stocking their libraries with books and microfilms. It is almost a pitiable figure when one thinks of the tremendous amount of publishing that goes on in the world today.

Federal Aid to Education

When you look at the source of university revenue, which you can find in President Mackenzie's address on "Government Support of Canadian Universities" you find that endowment provides only six per cent; student fees, 28 per cent; provincial funds, 40 per cent; federal funds, 15 per cent; and miscellaneous, 11 per cent. The 40 per cent provided by the provinces amounts to exactly 3 per cent of provincial budgeting. On the average, roads and highways in the provinces got 30 per cent and education got three per cent. University presidents have tended to place their hopes on additional revenues from industry and from the federal government. The figures I quoted above show why. Student fees have increased steadily over the past 20 years and you cannot milk this source much more.

The request for increased federal assistance is always accompanied by some reference to the danger involved. However, it is apparent that university presidents in English Canada regard the prospect of having to do without federal assistance as more alarming than any dangers which might flow from it. They tend to regard—though how sincerely I am not in any position to judge—the diversity of university income sources as the best guarantee of university independence. As an illustration, President Mackenzie claimed that the "modest system of federal per capita grants" introduced in 1951 respected "the constitutional position of the provinces and maintained the independence of the individual institutions". But these grants have proved to be insufficient. Thus, former President Smith of the University of Toronto, after new federal grants, said:

> This and other Canadian universities will require for the mobilization of resources, support from government at all levels, municipal and federal as well as provincial, and in addition they will need all the help that industry and individual donors can give them. Their welfare and progress are matters of public concern. The Ottawa government is doubling its assistance to universities, and as in the past that assistance will not involve any interference or attempt at control. But the increased federal grants will not be enough to finance the expansion.

I hope the gentleman who made this very ringing statement will be in a position later on today perhaps to amplify the position of the government on his attitude in this regard. A good example of the notion that diversity of income source is the best guarantee of independence comes from former President Smith. He said:

> It is well for universities that they should have a diversity in their sources of income. The chairman of the board of governors, Colonel Phillips, stated in 1947: "Nothing could be more fateful for us than to adopt the view that all our financial problems could be thrown on the shoulders of our government."

Federal Aid to Education

There has been a conscious effort to justify increased federal government assistance by comparing the Canadian situation with that elsewhere, not simply in order to say, "other governments give more" but also to say, "other governments give more without endangering the universities". It can be shown that endowment income, for example, has formed a steadily decreasing part of university revenue in the United Kingdom and in the United States. It would seem that in the United States a large body of university opinion regards government assistance as bringing with it political interference. This is certainly the stand of the private universities, especially in the east. Over all, United States private universities gain 63 per cent of their income from private sources.

There has been a good deal of political interference on both the state and the federal level in the United States with public universities. The McCarthy scare is an example. The case of Illinois occurs to any one who followed the situation there. During the red scare the situation of professors on the staff was a very delicate one and many of them were quizzed in public.

The whole question of whether government assistance, especially federal government assistance, is going to tinker with and ruin the independence of universities is one that those of us who introduced the resolution and those who may support it will feel is something about which we all have to be very careful. There is no doubt about it that the old saw that the person who controls the purse controls things can apply, but the experience in the United Kingdom with the university grants committee is that political interference has really not entered into the operation of the universities there.

So far revenue from government sources in Canada is really too small to have introduced any undue influence. In the United Kingdom government grants form 73.6 per cent of university revenue, in the United States 42.4 per cent. In Canada the government's share in the four western provinces is 57 per cent and in Quebec we have a low of 23.7 per cent. The comparative niggardliness of government aid in Canada means that the minimum cost of a university education is much higher in Canada. In 1954-55, 72.9 per cent of all British students were in receipt of aid of some kind. The Canadian figure is 14 per cent to 15 per cent. President James concluded in this regard:

> As a result of these generous government grants every British student can be sure of a university education if he has the ability and determination to attain it. Financial factors are never a barrier.

Similarly, in the United States, as a result of government assistance to public institutions, fees are markedly lower than those charged at any Canadian university and 56 per cent of United States students are enrolled in state universities where these low fees prevail.

One of the factors that must be considered in any discussion of the crisis is the position of the province of Quebec because the Quebec position is that since the federal government may not legislate directly within any of the fields granted to the provinces and since federal grants do involve legislation, the interposition of a non-government distributing agency is still unconstitutional. In other words, the crux of any drastic change in our federal set-up will be the attitude of the province of Quebec. Marcel Faribault, representing the chamber of commerce of Quebec, has said:

> Yearly grants from the federal government to the universities, whether distributed directly or indirectly, are a matter which it is just not possible to class otherwise than as support for education and legislation in respect of education.

He is prepared to admit, however, the possible validity of non-recurring capital grants. He says:

> Capital grants are not recurrent, and the intermediary body, the Canada Council, is not primarily educational or para-educational. Moreover, the allotment to the recipients is to be variable, and is not to cover more than half the cost of some buildings for definite projects.

Mr. Faribault goes on in his remarks to indicate that if the capital grants from the federal government are of a non-recurring kind it might be expedient for Quebec to accept them. Arthur Tremblay, secretary of the Laval teachers' association, has declared:

> I want to reaffirm the public position we have already taken concerning the Canadian government plan to give grants to the N.C.C.U. We want those grants to be accepted by the province of Quebec universities as well as by other Canadian universities.

In other words, here is an expression of opinion by a French Canadian that the grants that have been offered should be accepted. President James of McGill, who is in a very difficult position as head of an English-speaking university within a French-speaking province, has said:

> The governing body of each university has the right to accept or reject any grant that is offered, but speaking personally I can see nothing in the pattern of federal grants which invades the constitutional rights of the provinces or weakens the independence of any Canadian university. There is no legal barrier that I know of which would prevent a university from accepting federal aid.

In order to clarify the position of that part of the Quebec elite which opposes federal grants, I consulted *Le Devoir* from November, 1956, to the end of March, 1957. During those months I could not find any explicit statement of the newspaper's constitutional position, but it seems to me it is

similar to that expressed by Mr. Faribault. *Le Devoir* feels that federal grants are a menace to the cultural and religious autonomy of Quebec, and advocates resistance to them at all costs. Even though present grants are unconditional, there can be no guarantee that they always will be so. To resist grants now places no great burden on Quebec universities, since the grants are still modest. The universities must resist because they are the first line of defence. If this line is breached, primary and secondary education will come under attack too.

That is the gist of what I have gathered respecting *Le Devoir's* attitude to higher education grants from the federal government. Yet resistance to federal grants in order to preserve the independence of universities has brought the anomalous situation now existing. Quebec universities are at the mercy of the provincial government, are subject to political interference and are certainly not receiving provincial grants to match federal grants that would be coming to them.

Far from persuading *Le Devoir* that federal grants might be of some use, the provincial situation allows the editors to take up a favourite position—defenders of the right against tremendous odds, upholders of unsullied principle while damning the consequences. They insist that French Canadians must not sell their rights for a mess of pottage. They refer to Mr. Duplessis as "un phénomène passager". They say, "It is not desirable to destroy the constitution because of a simple public nuisance." They say, "We live in any age in which the people of Quebec prefer to be poorly governed by themselves rather than well governed from Ottawa." As an outsider just looking into the situation, I would not want to go out on a limb to express any opinion.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but I must advise him that his time has expired.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, we are considering a problem of very great importance at the present moment. We have a motion that the Speaker shall leave the chair for the house to resolve itself into committee, followed by an amendment dealing with the subject of aid for education. The amendment is framed in such a way that an important subject is brought to our attention but the framers of the amendment realize that according to the rules and the custom of the house the debate will be terminated by a vote at 8.15 this evening and that an amendment such as this is and always has been treated as a want of confidence motion to which, of course, the government naturally reacts and cannot accept. My hon. friends who introduced the amendment have done so apparently for the express purpose of putting the government in the awkward position of voting against aid for education, which is something many of us supported when we were on the other side of the house.

Mr. Knowles (Winnipeg North Centre): You also took a different line towards motions of this kind when you were on the opposition side of the house.

Mr. Churchill: This is obviously the type of motion calculated to embarrass the government, and since it is linked to a subject of this importance to the people of Canada it is, in my opinion, irresponsible.

Mr. Ellis: You used to bring in motions of this type.

Mr. Churchill: According to the notices of motion on the order paper—

Mr. Knowles (Winnipeg North Centre): What a change since June 10.

Mr. Churchill: —there were plenty of opportunities for this subject to come forward for discussion. Hon. members will find under Notices of Motion, No. 30, a motion standing in the name of the hon. member for Davenport (Mr. Morton) dealing with this subject of aid for education. Then, No. 41 under the name of the hon. member for Cape Breton North and Victoria (Mr. Muir), is another one dealing with aid to education in the maritime provinces.

Mr. Pickersgill: I wonder if the hon. gentleman would permit a question?

Mr. Churchill: Yes.

Mr. Pickersgill: If these motions were brought forward, would the hon. gentleman vote for them?

Mr. Churchill: That is a hypothetical question.

Mr. Ellis: Talk them out.

Mr. Knowles (Winnipeg North Centre): Would the hon. member for Bonavista-Twillingate vote for them?

Mr. Pickersgill: I shall speak for myself in a moment.

Mr. Churchill: Perhaps that opportunity will arise. I have already stated that this is a want of confidence motion and will have to be treated as such. I have already said that this is a subject of very great importance. I have listened to the remarks made by the mover of the motion as well as the hon. member for Port Arthur (Mr. Fisher) with a great deal of interest because I spoke on

this subject myself in the house about five years ago. I thought then, and think now, that I knew a little about the necessity of aid for education. The problem has been with us for a very long time. This subject matter has been raised in the house over a great many years.

Mr. Ellis: Why not have government action now?

Mr. Churchill: Government action will follow on a government proposal. We are not accepting the suggestion of my hon. friends as to what we should do today or tomorrow. We are quite competent to bring forward our own program, and will do so in due course. I intend to restrict my remarks, something which was not done by the speakers who preceded me, although the time for debate is very short. The supper hour intervenes at six o'clock, and the vote is at 8.15.

I propose to restrict my remarks and will deal with a subject touched upon by the hon. member for Rosetown-Biggar (Mr. Coldwell). He dealt at some length with the question of scientific education, and with the threat caused by the evidence we have as to the importance that Russia is attaching to scientific education. The hon. member for Rosetown-Biggar drew attention to the scientific achievements of the Russians in launching satellites and so on. I feel that although these are important scientific achievements we need not get overly alarmed with regard to scientific achievements of that nature. Had we been living in a world less subject to tensions I believe scientists generally would have been inclined to applaud this advancement of scientific knowledge. Since we are living in a world of fear any scientific advancement of this nature is immediately linked up with the threat of warfare or something of that nature, and consequently is a matter for some alarm.

However, all the remarks that have been made with regard to the Russians' advance in science—not all of them but a great part of them—have tended towards measuring the advance quantitatively. We have been given today, and on other occasions, reports of the vast numbers of scientists that are being turned out by Russian schools and universities. The quantity has been emphasized. I think it is much more important in the scientific realm to emphasize quality. I am not suggesting we cannot do more in Canada, and in the other nations of the western democracies, but quantity is not the yardstick by which to measure scientific achievements. These figures showing thousands of Russian scientists being produced annually are not as alarming, I believe, as some people appear to think they are. Quality is of much greater importance. At the same time as the satellite was going around the world this fall one of the greatest scientific advancements was made by scientists in England who have got closer to solving the question of fusion. However, we heard nothing about that today at all. All we heard about was the Russian scientific advancement in launching a space satellite. This step towards solving the problem of fusion will be of greater consequence and greater benefit to mankind than the launching of a satellite at the present time.

It is not necessarily the most spectacular scientific advancement that is the most important. It may be some less spectacular scientific achievement which will prove of greater value in the long run. We have living in Canada Sir Robert Watson Watt, the inventor of radar. This advancement was accomplished quietly in the twenties and thirties, and the protective value of radar was to our advantage during the course of the war. The development of atom power was an achievement not attributed to the Russians. These things are perhaps less spectacular at the time the discovery is made, but may prove to be of greater importance than the more spectacular achievements. I simply draw that to the attention of the house. Let us not be carried away by the number of Russian scientists or some of the spectacular things they have done. We have scientists working carefully and quietly in Canada and in the western democracies whose achievements may be of much more lasting benefit.

I should like to draw attention to the fact that Canada has done a great deal in the realm of scientific research over the last 40 years. It is quite right to suggest that we should press on; that there should be greater advantages provided for our scientists and that more opportunity should be given to younger men in the scientific field. There is no quarrel with that at all. But let us not overlook the fact that we have made very great progress in Canada. If you refer to the report of the national research council of Canada for 1956-57 you will find an historical summary of our scientific achievements under the direction of that council. This council was set up 41 years ago, in 1916, incidentally under the Conservative government of Sir Robert Borden, and has achieved many things since that time.

During the past year the national research council provided $3.6 million to support pure research in the universities, and that was divided into 540 grants, 310 scholarships and fellowships. The research council employed 541 on the scientific staff, including 122 post-doctorate fellows; 819 technical personnel and 859 on the general services and administrative

staff. The council operated five laboratory divisions in the sciences, and two regional laboratories, one at Halifax and the other in Saskatoon, as well as a division of medical research. The research council sponsored 26 associate committees working in diverse fields and answered over 7,000 technical inquiries from Canadian industries.

Just to show what can happen, I may say that in 1916 when the research council was established, and in 1917 when it became operative, industrial research was practically non-existent in Canada and the supply of research men capable of independent investigation was entirely inadequate. Over the years great advances have been made. More than 2,100 students have held council scholarships and a similar number of very able students have been employed as research assistants. Today the council's alumni occupy many of the senior scientific positions across Canada.

That indicates the change that has taken place. Back in 1916 and 1917 most of our postgraduate students went to foreign universities and many of them did not return to pursue their work in Canada. Hence through governmental assistance by the national research council the basis was laid in Canada for scientific advancement. That came to fruition—and I am summarizing very rapidly here—or was brought to fruition during the second world war when there was a great expansion based upon that scientific knowledge. Our scientists in Canada achieved international fame by their work during the second world war and established recognition for Canada in the field of science to an extent that Canada had not achieved previously. That situation has carried over into the postwar years, particularly in the field of atomic research in which Canada is recognized as having some of the leading people in the world.

I just give you that resume briefly to show what can be done by the application of funds and the attention of dedicated men to an enterprise such as this in establishing in Canada research on a sound basis, chiefly in the field of pure research, and then carrying over into the fields of applied research. So in discussing this particular subject of federal aid for education and in advocating, as have my hon. friends, increased support for education, let us not overlook the fact that over the years this has been done. The government has taken an interest in research and in educational assistance of this nature, and there is no reason to suppose that that type of assistance will not continue. Canada has laid the foundation for scientific progress and we can now move forward through assistance to the national research council and other means to increasing what we all desire, namely our scientific knowledge in Canada and our corps of scientists.

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I welcome this opportunity to discuss for a few moments matters educational in Canada. As one can fully appreciate, having regard to my career, this is a topic that is very close to my mind and to my heart. With much that the mover of the motion, the hon. member for Rosetown-Biggar (Mr. Coldwell), had to say I agree. Having regard to the quotations given to us by the hon. member for Port Arthur (Mr. Fisher) from a man by the name of Smith, I am bound to say that I am even more in concurrence with his remarks than I ever thought I could be.

The hon. member for Rosetown-Biggar spoke of the threat of the Russians in the field of scientific advance. As a man who spent over three decades in the field of education I would say that I regret we are obliged to face up to educational problems as a result of fear arising from scientific advances made for the purposes of war. I would say that we must congratulate the Russians on their successful endeavours in the scientific field. It is a fact that they have made great advances. But, with the hon. member for Rosetown-Biggar, I would state that it is regrettable that their production of scientists has not involved also a program for men and women—and incidentally they have paid special attention to the training of women—who have something to do with ideas and ideals apart from the ideas and concepts that are peculiar to the physical and biological sciences.

There is one achievement that I am convinced the Russians have made and that is borne out by the testimony of men of whom the hon. member for Rosetown-Biggar spoke, such as Mr. J. S. Duncan and others who have gone there, come back and given us their testimony. That achievement is that the Russians have been able to make their young people work. They have selected them early in life. They have afforded them this opportunity. They have ascertained that they had great gifts for further study and investigation. If they fail in any way, they are taken out of their schools, their colleges and their universities and are degraded in terms of social and economic status.

In speaking to this amendment I would make this plea, namely that we should not make that mistake in Canada. I am greatly concerned about taking a young person and giving him a scientific training—whether it be in mathematics or in the biological sciences or the physical sciences—where that is all he

or she is exposed to. Despite the threat that may arise out of the success of the Russian scientists in terms of sputnik and the intercontinental ballistic missile, I would plead that we never accede to that type of narrow program. I would plead for the humanities and the social sciences and their development while at the same time we endeavour to do more in the field of the physical and biological sciences. As Sir Richard Livingstone once put it, you have the type of program for the study of the law of things, and that could produce and put forth a very arid person, a person who would make little if any contribution to our political and cultural development whereas, on the other hand, the humanities and the social sciences provide the opportunity to study the law of men as distinguished from the law of things.

We have in our larger universities or in nearly all of our universities and colleges in Canada some type of professional school. We need our clergymen. Of course we do. We need our teachers, our foresters, our engineers, our doctors, our dentists and our nurses. But again I would make another plea for the support of a faculty of arts. Sometimes people think of a faculty of arts as a division that teaches only the humanities and social sciences. But in the program of this core division within a university known as the faculty of arts, there is the interplay of the study of the social sciences and the humanities with the study of biological and physical sciences. I believe that we should never set off against the support of the faculty of arts the great need of scientific development to the sacrifice of the humanities and the social sciences.

I agree fully with the observation that was made by the hon. member for Rosetown-Biggar that the teacher is the fundamental cornerstone of any educational institution. It is a fact that we are not attracting into the teaching ranks—and I am speaking of the colleges and universities—the men and women who should be taking up that worthy calling. They are attracted by offers from industry and they are attracted by offers—let us be frank about it—for graduate work in the United States. The United States universities and their supporters see to it that our best men are being retained in the United States. They do not return to Canada.

We must find more money in Canada for the increase of salaries to the end that we may attract to and retain on our teaching staffs of the colleges and universities the best in intellect, the best in curiosity and the best in character. The third requirement is not deliberately put there in a tertiary position.

[Mr. Smith (Hastings-Frontenac).]

There is more money needed in this regard. A university that I know quite well—the University of Toronto—has an annual budget of $18 million; and between 70 and 80 per cent of its annual expenditures are devoted to the payment of the teachers, the academic staff and those who assist them in making it possible for the teachers and the investigators to carry on their work. Here, of course, I come back to the point I endeavoured to make in the first place, the need for the development, training and production of more physical and biological scientists. We heard something about that subject at the last NATO meeting. I would be a bit sceptical about a supranational body endeavouring to direct the research of gifted men and women in the various countries which adhere to the principles of the United Nations. You cannot direct, you cannot manage fundamental investigators in that way. So it comes back upon the nations themselves to support research in that fundamental field.

I agree with and I heartily endorse the observations made by the hon. member for Rosetown-Biggar with respect to the need for developing fundamental research. He was not far from the mark—and I say this with respect—in his remarks concerning the growing need for scientists, quite apart from war purposes. I did attend the St. Andrews conference held in New Brunswick in September 1956 when it was told that to maintain our industry in Canada—and I am just speaking of our industries now—we will need by 1970 at least three times as many engineers as are now being turned out.

There is another facet of this educational problem as it relates to the universities at the present time. To take last year, 1956 to 1957, about 70,000 students were in our Canadian colleges and universities proceeding to degrees or diplomas; that is to say full-time students. In any projection I have ever seen with regard to students, having regard to the growth of birth rates, it has been indicated that by 1965 there will be twice as many students, 140,000 to 150,000, knocking at the doors of our colleges and universities. Those figures are in the same percentage of our population age groups of 18 to 22 years or 17 to 21 years.

This represents a great burden which will be thrown on our Canadian colleges and universities and if Canada is going to maintain its place as an industrial nation, a nation with a growing culture and, I say this advisedly, as a country which has a recognition of spiritual values, then Canadian colleges and universities must be supported in order that they may handle this greater number of students.

I do not recall, Mr. Speaker, the particular context of the observation which the hon. member for Port Arthur attributes to me. I do not remember ever having said that our student population in our Canadian colleges and universities, in relation to the total age group of 17 to 21 years or 18 to 22 years, could never be more than 11 per cent. Last year it was about 10 per cent. What I have endeavoured to say, and it was not said in any mood of academic snobbishness, and what I repeat at this time is that we should not attempt to admit to colleges and universities those men and women who have not the capacity to pursue the work in the field of higher education. That is the only test. When I say "capacity" I do not have in mind that they should all be grade A students. I have seen grade B students, class 2 students, graduate from university and do better than some of their colleagues and classmates who were regarded as abler because they got the highest marks in the class. But that is not a universal truth.

It happened in the United States army during the last world war that certain tests were given to the men in the ranks. It was ascertained by those tests—and I am not going to accept this qualification—that about 25 per cent of the recruits were qualified to go on for work in the field of systematic education. I have never discovered that large number, but if we can find them we must, having regard to the welfare of Canada and its progress in the future, use the brains we can get and if there are 25 per cent we must make it possible for that 25 per cent to carry on their studies. That will not be possible, however, unless we provide scholarships and fellowships.

I am not one who suggests that anyone who comes from a home which can provide finances for a three, four, five or six year course should be classified immediately as a person not qualified for university work. That is not true, but I have in mind the picture painted to us by the hon. member for Port Arthur that many young men and women, remote from college and university centres, are being deprived of the opportunity to attend university. Some of us in this house have experienced difficulties in that regard.

We need to provide ladders of opportunity, not ladders of opportunity for every young man and woman who desires to go to university, but we should have very careful selection methods for choosing students who are admitted bearing in mind their capacity to benefit from higher education. We need a better type of selection and then, when we do select the students on a more promising basis, we come back to the point raised, that we should provide scholarships for them.

Brains are one thing that we need in our students in colleges and universities, but coupled with brains I think we should have stamina. I can really describe it in another way as moral fibre. How you can ascertain the possession of moral fibre by a young person is very difficult to establish but we must not look only for gifted young men and women. We must also see in them those gifts, talents or qualities of character that will make the investment in them by society much more worth while.

The teachers are the most important. They are the very essence of an educational enterprise, but in the field of science, for example, and even in the fields of humanities and social sciences you must provide them with the tools they need to do the job. In the case of the sciences, you must provide laboratories; in the case of humanities and social sciences you must provide libraries. We cannot expect Canadian universities to attract the men and women of the calibre required under the present circumstances, or to retain them on the staffs. There is a need for higher salaries, a need for scholarships on a more satisfactory basis of selection, and the need to provide laboratories and libraries.

No university in Canada is sufficiently endowed in this regard. Need should be communicated not only to the federal government but to provincial governments. I feel we should expect and demand more from private donors, whether or not they are alumni, and that we should expect much more from corporate donors. Just think what industry and commerce have received from the universities in the way of trained personnel, whether technical or scientific, or staff at managerial level. We find corporations investing millions of dollars in plant and equipment and never being too much concerned about the amount of their investment provided they feel it will eventually yield a dividend. Well, it costs the university in the field of engineering—one that I know—about $1,600 a year for each student, and the student pays about $450. The universities are thereby providing $1,200 for each man's training. Therefore, I come back to the statement that the corporate donors who are receiving such benefits from our colleges and universities should contribute toward that over-all cost. It sounds rather cold and calculating, and it does not have any human aspect to it, when I say they should invest in the future of these people even if only on the low ground of providing necessary equipment as part of their operating costs and as part of their capital investment.

I fear that unless the colleges and universities of Canada receive greater support there will have to be limitations in enrolment and I think the colleges and universities will be justified in taking such a step on the basis of academic honesty. To take into a crowded lecture room about 400 students and to lecture to them in segregated conditions and not provide for them any opportunity for communication between staff and students or between students and staff would be to defraud the students. In terms of academic institutions they should not go beyond the point of an academic contribution to the development of our young people—I hesitated there for a moment; I was going to say "academic efficiency" but I do not like using those words in this context. We will in Canada be faced with the problem that is posed here. I regret, and I may say I regret it having regard to my past career, that I must vote against this motion.

An hon. Member: Why?

Mr. Smith (Hastings-Frontenac): It is a vote of want of confidence having regard to the character of our parliamentary proceedings, and I regret that this government has not had a longer opportunity to study this crisis—I admit the term "crisis"—in education. But I can assure the house that it has already begun to study this very serious problem. This amendment has taken one whole afternoon to discuss. If we could have gone into supply we would have been nearer the solution to this serious problem as far as the dominion government is concerned.

Mr. Knowles (Winnipeg North Centre): Would the minister permit a question? Is the minister aware of the fact that in 1955 when his leader moved an amendment for a motion to go into supply concerning the South Saskatchewan dam, both he and Mr. Drew suggested that if the government was really interested in the matter it could arrange for a free vote? Would it not be possible for the government to permit a free vote on this particular motion, if the government is really interested?

Mr. Pickersgill: Mr. Speaker, may I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to begin the few observations I intend to make on this amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) by saying, —I am sure the hon. gentleman will not regard it as disrespect—as one egghead to another, how thoroughly I agree with the Secretary of State for External Affairs (Mr. Smith) in his plea for more liberal education. There can never be too much liberal education.

I should like also to say how pleased we all were in this part of the house to hear the Minister of Trade and Commerce (Mr. Churchill) praise the work that had been done over the years by his great predecessor in the development of the national research council. It is very interesting to find how different hon. gentlemen on the treasury benches sound today from the way they sounded the last time a motion in what I think were almost identical terms was brought up in this house.

The Minister of Trade and Commerce said this motion was embarrassing to the government. We recognize that it is embarrassing to the government. I am very glad to say it causes not the slightest embarrassment to me. As did Mr. Garson on several occasions when we were on the other side of the house, I spoke in opposition to motions in almost exactly the same terms moved by Mr. Knight, the former member for Saskatoon, and I have no different tune on this side of the house from what I had on the other side. Perhaps hon. gentlemen opposite are now out of tune or perhaps they are now in tune. I leave it to them to explain to the public but we have witnessed, sir, on two successive days in this house the extraordinary spectacle, first of the Minister of Justice (Mr. Fulton) swallowing his leader yesterday and the Minister of Trade and Commerce doing the same thing today. I am very proud that I belong to a party which has the same kind of doctrine on both sides of the house.

I am quite sure that the Secretary of State for External Affairs would be the first member of this house to admit that in the last few years nothing that has been done to support university education was greater than what was done under the leadership of my right hon. friend, the former prime minister, in establishing university grants, and if I had time I would like to read what the Secretary of State for External Affairs said on that subject when he was speaking in another capacity, but under the new rules under which we operate, when one minister speaks after another, my time is severely limited this evening.

An hon. Member: Are you rehearsing for next week?

Mr. Pickersgill: No; I think I need no rehearsing. I might say that there is nothing which I can say which will be more eloquent

of the support for scientific research than the words read by the Minister of Trade and Commerce about the work of the research council under his great predecessor, Mr. Howe.

I would also remind hon. gentlemen in all parts of the house that in this year's appropriations, by the Liberal administration not by the present administration, $50 million was included for the purpose of assisting in the building of universities in this country and another $50 million was appropriated, the income from which is being used for the support of the very kind of scholarships for which the Secretary of State for External Affairs made his plea today, when appealing for more liberal education.

The reason I am opposing this motion is that it asks us, as previous motions moved by the former member for Saskatoon did, to consider the advisability of appropriating funds collected from the taxpayers of Canada generally by the federal government and handing them over to the provincial treasurers to be earmarked to be spent on education. No matter how many saving words may be put into such a motion, the plain fact is that if we earmark those funds exclusively for education and hand them over to the provincial treasurers it is, in fact, an invasion of a provincial field. It is altogether different in character from assisting universities directly by grants or students by scholarships and things of that sort. We are saying to the provincial treasurers: here is so much money; you can have it only if you spend it in such and such a way. I think the right way to deal with this problem is the way the Prime Minister (Mr. Diefenbaker) recommended it should be dealt with during the election campaign at Three Rivers. Here is what the right hon. gentleman said on June 4.

Some hon. Members: The red book.

Mr. Pickersgill: This volume is published by the national Liberal federation and I think hon. gentlemen opposite know what is in it.

Mr. Churchill: It brought about your ruin.

Mr. Pickersgill: This is an extract from a newspaper which I do not think hon. gentlemen opposite will call into question. It is the Montreal *Gazette* of June 5. This is what the right hon. gentleman is reported to have said and it is in quotation marks:

> The Conservative party will restore the true meaning of the British North America Act—

Some hon. Members: Hear, hear.

Mr. Pickersgill: Wait.

> —which guarantees the provinces freedom to carry out various spheres of activity allotted them under the constitution.

This is good Liberal doctrine. The second paragraph reads:

> We will not only make sure that the constitution is respected but we will also make sure that the provinces and the municipalities have sufficient money to do the job they are supposed to do.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Also, I might say, pure Liberal doctrine.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Listen to this:

> Having the power to do a certain job does not mean very much if you haven't got the financial means to implement these powers.

Over and over again the present Prime Minister promised—I could find dozens of examples of his promises in this book—that immediately after the election he would call a federal-provincial conference to do these things. He did not call it for five months, and now he makes the feeble excuse that he cannot call it again because hon. members in the opposition exercise the right given to them by their constituents to speak in this parliament. We in this party might perhaps have been embarrassed if the hon. member for Rosetown-Biggar had framed his motion quite differently and I am not going to suggest how. I speak only for myself when I say that it does not cause me the slightest embarrassment to oppose this motion for precisely the reasons given by the Prime Minister at Three Rivers.

Mr. Knowles (Winnipeg North Centre): Are you one of his followers?

Mr. Pickersgill: I would like to add just one other thing. Before hon. gentlemen opposite boast very much about what they have done in this field of putting the provinces in a financial position to carry out their functions let me remind them that just before coming into the house I looked up Mr. Ilsley's budget speech in 1946, and I found that in the year 1944-45 the provinces were receiving as their share out of the three principal direct taxes $82 million and under Mr. Harris' equalization scheme they will have received over $630 million this year. That, sir, if we are to assist the provinces to carry out their functions, is the right way to do it, namely by those equalization payments which we cannot get hon. gentlemen opposite to say they will carry forward in any increases they make in payments to the provinces.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to make a short statement in regard to the amendment which is

before us. That is all I have time to do. First, I want to apologize to the hon. member for Rosetown-Biggar (Mr. Coldwell) for what may be interpreted as a discourtesy to him. I had to leave while he was speaking in order to keep another appointment that had been made before I knew this motion was being moved. I certainly meant no discourtesy and I would have liked to stay to hear what he had to say.

I have expressed myself on various occasions, Mr. Speaker, with regard to federal aid to education and our position as a party in the house is well known. We have supported the idea over many years and with the principle of greater aid to education in the provinces we are still in agreement. However, there is something further that ought to be included in considering this matter. There are many people in Canada today who are not certain that they want further aid to education from the federal government for the reason that they fear that along with increased grants in aid of education from the federal government will come a greater demand for federal interference in what are considered to be purely provincial affairs. I respect that attitude on their part, although I have always said that I do not think it is necessary that the two things should go hand in hand at all.

I am quite certain that means can be found to provide further assistance from the federal government to education in the provinces without carrying with it any interference on the part of the federal government in purely provincial affairs. Until such time as we can get the people of the country in pretty full agreement on the matter it would seem to me that it would not be wise to try to press it too fast.

What will be our stand on the amendment? I feel, Mr. Speaker, that this is not a proper matter on which to call for a vote of want of confidence in the government. I should like to see greater aid to education but I do believe that that aid can be made available by a fairer division of the revenue dollars amongst the governments of Canada. Inasmuch as the federal government has already called a dominion-provincial conference and the matter of increased revenues for the provinces is under consideration, it does seem to me that it is premature to bring about a vote of want of confidence in the government on the basis of calling for increased aid to education.

I want to see more money made available for education in this country. Greater amounts have to be channelled into the field of education if we are going to do the job that is demanded of us. That is quite true. I want to see the very best people encouraged to get into the field of education to be leaders and teachers but that can only be done if we see that they are properly paid. But, Mr. Speaker, I do not feel that we can get money into the field of education by the means that have been chosen and for that reason and the reason I have already given, that the matter is under study now as to how we can arrange a better division of the revenue dollars amongst the governments of Canada, I do not propose to support the amendment that has been moved.

The house divided on the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Batten
Bryce
Bryson
Cameron
Campbell (The Battlefords)
Castleden
Christian
Coldwell
Ellis
Fisher
Herridge
Howard
Johnson (Kindersley)
Knowles (Winnipeg North Centre)
Lewry
Macdonald (Vancouver-Kingsway)
McCullough
Martin (Timmins)
Nicholson
Peters
Regier
Schulz
Stewart (Winnipeg North)
Winch
Zaplitny—27.

NAYS

Messrs:

Aitken, Miss
Anderson
Arsenault
Balcer
Barbes
Baskin
Beech
Begin
Bell (Carleton)
Bell (Saint John-Albert)
Best
Blackmore
Blanchette
Boivin
Bonnier
Boulanger
Bourget
Bourque
Brisson
Brooks
Brown (Essex West)
Browne (St. John's West)
Byrne
Campbell (Lambton-Kent)
Cannon
Cardin
Caron
Carter
Casselman
Cathers
Chabot
Charlton
Chevrier
Chown
Churchill
Coates
Comtois
Courtemanche
Crouse
Deschatelets
Diefenbaker
Dinsdale
Doucett
Dumas
English
Eudes
Fairfield
Forgie
Fraser
Gardiner
Garland
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingras
Gingues
Gour
Green
Grills
Habel
Hahn
Haidasz
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Harrison

Hees	Muir (Lisgar)
Hodgson	Murphy (Westmorland)
Houck	Nesbitt
Howe	Noble
Huffman	O'Hurley
Johnston (Bow River)	Olson
Jones	Pallett
Jorgenson	Patterson
Jung	Pearkes
Kennedy	Pearson
Kirk	Phillips
Knowles (Norfolk)	Pickersgill
Kucherepa	Poulin
Laflamme	Proudfoot
Lafontaine	Ratelle
Landry	Rea
Lavigne	Ricard
Leduc (Gatineau)	Richard (Ottawa East)
Leduc (Verdun)	Robinson
Legare	St. Laurent (Quebec East)
Lennard	St. Laurent (Temiscouata)
Lesage	Schneider
L'Heureux	Sinclair
Low	Small
Macdonald (Kings)	Smith (Battle River-Camrose)
Macdonnell	Smith (Calgary South)
MacEachen	Smith (Hastings-Frontenac)
MacEwan	Smith (Lincoln)
MacInnis	Smith (Simcoe North)
MacLean	Stanton
Macquarrie	Starr
MacRae	Stefura
McBain	Stinson
McCleave	Stuart (Charlotte)
McDonald (Hamilton South)	Thomas (Middlesex West)
McGee	Thompson (Edmonton-Strathcona)
McGrath	Thompson (Northumberland)
McGregor	Thrasher
McIvor	Van Horne
McLeod	Villeneuve (Glengarry-Prescott)
McPhillips	Villeneuve (Roberval)
Maltais	Vivian
Mandziuk	Walker
Marler	White
Milligan	Wratten—163.
Mitchell	
Monette	
Monteith	
Montgomery	
Morton	
Muir (Cape Breton North and Victoria)	

Mr. Speaker: I declare the amendment lost. The Minister of Mines and Technical Surveys has advised me that he asks leave of the house to make a short statement which he did not feel he could make during business hours this afternoon. Has the minister leave to revert to motions for the purpose of making a brief statement?

Some hon. Members: Agreed.

EMERGENCY GOLD MINING ASSISTANCE

ANNOUNCEMENT OF PROPOSED EXTENSION OF ACT

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I should like to make a statement concerning the assistance to gold mining in Canada. The Emergency Gold Mining Assistance Act will expire on December 31 next. Requests have been received from the gold mining industry and labour groups for an increased subsidy and for an extension of the act beyond 1958.

Following a study of the existing conditions in the gold mines and their dependent communities, it is the intention of this government to introduce at the next session of parliament a bill amending the Emergency Gold Mining Assistance Act to provide for a two-year extension to the act. The other matters are still under study.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I should like to be allowed to make a few remarks on this matter. The Minister of Mines and Technical Surveys (Mr. Comtois) in making his statement tonight followed the same procedure as that which was followed in 1955 by the previous minister of mines and technical surveys, and I recall that on that evening in 1955 the procedure followed then was criticized. Tonight it is not my intention to protest against this way of making this statement. However, I will point out that I am disappointed and I know that the people interested in gold mining will be disappointed. The miners will be disappointed and the people living in mining communities will also be very much disappointed when they learn that the minister, although he has announced that the act will be extended, did not state tonight the manner in which the act will be amended. Of course, this matter is postponed until the next session. We do not know when the next session will take place. It may take place after an extremely important event which is supposed to take place any time now. The people in my constituency and those in many of the other constituencies in Canada will certainly be greatly disappointed to learn that the minister did not take the trouble to tell us tonight what will be the nature of the amendment to the Emergency Gold Mining Assistance Act.

SUPPLY

The house resumed consideration of the motion of Mr. Fleming for committee of supply.

TRADE—RELATIONSHIPS WITH UNITED STATES AND UNITED KINGDOM

Hon. L. B. Pearson (Algoma East): Mr. Speaker, I should like to take advantage of this motion to bring to the attention of the house some questions which are, I think, of interest to all members and to the country. I refer to matters concerning trade and the effect of some aspects of this trade question on another matter which is of even greater concern to the house and to the country,

namely unemployment. Of course, in the time which will be available to me I shall be able to deal with only certain phases of this trade problem and others I shall be obliged to omit. But there is one aspect of the problem which is perhaps central to the whole consideration of it, and that is our relationship with the United States of America.

My view on that relationship, both political and economic, is exactly the same as it was when I was sitting on the other side of the house. There can be no more important political or economic relationship for Canada than that which we have with our neighbour; and there can be nothing of greater importance not only to Canada but to the world than that the United States—which because of its power is bound to be the leader of the free world—should give that leadership which is required, both politically and economically. In that leadership, Mr. Speaker, no country has more at stake than has ours.

As has been said by members of this party, and indeed by members of other parties over the years, while we accept that leadership, it must be on a basis of partnership. We are all the happier to accept that leadership in the political sphere when it is given with imagination, determination and wisdom. We welcome and we look for that kind of leadership. When we feel that perhaps it is not being given Canadians are—as my friend the Secretary of State for External Affairs (Mr. Smith) pointed out the other day, I think at Windsor—in a particular position or advantage to remind our friends and neighbours of the necessity for that kind of leadership. But this leadership has also its economic as well as its political aspects and certain actions of the United States government which are very much in our minds cannot help but be contrasted by us with United States words in Paris and in Washington. That contrast is bound to arouse our anxiety.

Take for instance defence—

An hon. Member: What is the difference?

Mr. Pearson: This is a pretty serious subject, Mr. Speaker, and I think my hon. friends opposite might at least listen to it seriously. I forgive however, the exuberance which often descends upon them at this time of the evening.

Take the defence aspect of this economic co-operation. We have been discussing in this house in recent days the necessity for treating defence on a continental basis. My hon. friend the Minister of National Defence (Mr. Pearkes) had some things to say on that subject the other day and we all agree that in this aspect of defence—the military and strategic aspect—it must be treated on a continental basis and that there must be the closest co-operation between the two countries. Perhaps indeed that co-operation should, in certain circumstances, extend to integration. But the economic aspects of defence so far as Canada is concerned at times seem to be treated by our neighbours to the south—by the United States—on a purely national basis. I suggest that it is going to be increasingly difficult to deal with defence in its military aspects, continentally and in its economic aspects, nationally.

We have a very good example of this position in NORAD. As contrasted with the United States emphasis, and it is quite proper emphasis, on the building up of NORAD on a continental basis; in contrast with that emphasis, there is United States national action taken in the field of oil imports into that country from Canada. I suppose in NORAD the planes under that command will operate under a joint continental command but the gas used by those planes, if they are United States planes, will be United States gas only; if commercial considerations seem to make that necessary. There is a pretty startling contrast between United States economic and strategic approaches in this respect.

It is going to be difficult to deal with our defence strategy on a joint basis and to develop our resources for defence on a national basis. I think this is something which should secure the preoccupation and attention of those in positions of responsibility, not only in this country but more particularly in Washington.

When in years gone by the United States took steps to interfere with our exports to that country in a way which we thought was unjustified, and perhaps at times almost irresponsible, we were urged by my hon. friends opposite when they were over here to stand up to the United States. When we mentioned, as we often did mention, the notes of protest which were sent to Washington on occasions like these a good deal of scorn used to be poured on those notes and it was said that all we did was to write notes and we were asked why did we not take action, retaliatory action.

I remember the eloquent invective that used to be hurled at us on such occasions, but what has happened in the last six months with respect to economic relationships with the United States? We know what has happened. Almost on the morrow of the election statements were made, by the Prime Minister (Mr. Diefenbaker) in particular, regarding a contrived diversion of trade from

the United States to the United Kingdom and commonwealth markets. The Prime Minister made a statement which caused a good deal of interest and a good deal of excitement at that time. If I may lapse into the metaphor of baseball he threw a fast ball—a high hard one—which was immediately knocked over the fence by the United Kingdom through its late chancellor of the exchequer when he made his free trade proposal. Nothing much has been done about these free trade proposals and I may have something to say on that subject a little later.

However, the statement and the attitude of the government in regard to the removal of trade from the United States to the United Kingdom were not, I am sure, overlooked in Washington and perhaps may have had a greater effect on the attitude of the administration towards Canadian economic problems than we would like to think. Be that as it may, the government attempted to recover from this free trade knockout by sending a mission to Washington which, as I have already stated in this house, consisted of the four members of the cabinet who were described by one organ of the press as the power hitters of the administration. We know what happened to that mission.

We got a very comforting statement in the house a few months ago about the effect of the mission. The Minister of Finance (Mr. Fleming), and I am sorry that he is not able to be in his seat tonight, gave us to understand in the house and certainly in the communique which was issued upon their return from Washington that this time something really had been accomplished, that they had now secured a commitment from the United States administration which would be a great help in our trade relationships in the future.

What has happened since that time? As was pointed out in the house the other day, the United States secretary of agriculture is about to appear before congress which will be convened in Washington today with a request for a very large additional sum of money to encourage United States agricultural exports. When that was mentioned in the house the other day the Minister of Trade and Commerce (Mr. Churchill)—his comforting words were re-echoed this afternoon by the Secretary of State for External Affairs (Mr. Smith)—indicated that he did not think this additional sum to help the United States dispose of their surplus food products was going to harm us very much. We will see about that.

Only the other day, and this has been referred to many times since, the United States administration put on its 15 per cent restriction or, if you like 15 per cent diversion, of Canadian oil imports from Canada to domestic producers. In that regard it is perhaps interesting to recall that in 1956, while we exported $106 million worth of oil products to the United States, we imported $270 million of oil products into this country. Consideration might be given to that unbalance when the government is wondering what could be done about the 15 per cent restriction.

When I mentioned this matter the other day in a question addressed to the Minister of Finance I asked him if he realized—I am not quoting exactly my words—that twice in recent years the administration in Washington had taken action to restrict imports of oil into that country and that on both occasions Canadian imports were excluded by agreement from that restriction as a result of our diplomatic representations, formal and informal, in Washington. On this occasion, however, the action was taken in such a form that our oil was included with the oil from other countries which was to be restricted.

While that is a depressing indication of the lack of success of the diplomatic methods of the present administration in its dealings with Washington there is a real danger of further and even more serious action being taken against our exports. I suggest, and I think it is fair to suggest this, that the talk here in government circles—the official talk and unofficial talk of diversions from the United States to the United Kingdom, desirable as that diversion may be in principle to correct the imbalance of our trade—of that, and especially the 15 per cent proposal, is giving ammunition to those people in Washington and out of Washington in the United States who are contemplating in their own interests further action against Canadian imports. It is quite easy to realize what they will say when they go to Washington in their pressure groups—"The Canadians are looking after themselves, they are arranging to take away our exports to Canada. All right, surely we are not going to be so tender about their exports to this country". Perhaps before long—and I hope it will not happen—there may be action taken down there which will be very dangerous to our trade in base metals and fish products, and if that action does take place—

An hon. Member: I bet you hope it does.

Mr. Pearson: That is a very unworthy observation. No member of this house, unless he is inspired by the lowest partisan considerations, is going to take any satisfaction from any action, whether on the part of the United States government or of another government, which interferes with our trade and our welfare. I am pointing out that as a result of the policy or lack of policy carried out by this

government ammunition may have been given to those interests in the United States which in recent years have been trying to increase the protection of United States tariffs against certain Canadian exports to that country. This is not new, this proposed action, and I refer again to base metals and fish products. This has been before their tariff board before but it has been possible in the past to bring influence and friendly pressure to bear on the United States government to assist those down there in Washington who were opposed to this kind of action.

Now surely it is fair to say that if emphasis is placed by the present Canadian government upon proposals to take away trade from the United States and divert it to the United Kingdom it is going to be hard to keep at bay and in check those forces in Washington which if they are successful will bring about a greater interference with our exports than anything that has happened up to now with regard to base metals and fish products. If this does happen I do not for one moment say this government is directly responsible, but I think it is fair to say that the policy they have adopted and the attitude they have taken will make it more difficult to prevent such action and, therefore, they will have to take that measure of responsibility for the action if it occurs. I repeat, Mr. Speaker, that I hope the government's intervention will be successful and that the action will not be taken.

Mr. Green: May I ask the hon. gentleman a question? What did he and his government do to right the adverse balance of trade between Canada and the United States.

Mr. Pearson: That is a perfectly good question, Mr. Speaker, but I suggest to the leader of the house that the adverse balance would have been even greater if the United States government had not been able to resist the measures proposed to it to interfere with our exports of fish products and base metals to that country over the years. The balance of trade situation was bad, but it would have been far worse if we had adopted the attitude and policies which the hon. gentlemen are suggesting.

An hon. Member: Let us take another crack at the ball.

Mr. Pearson: I have not been struck out yet.

An hon. Member: Two strikes on you.

An hon. Member: Foul ball.

Mr. Pearson: If we can abandon just for a moment this baseball terminology, which I confess I introduced myself, I suggest also that this attitude of the present government, which of course is not one on their part of any unfriendliness, deliberate or otherwise, toward the United States; this attitude of uncertainty, confusion and diversion of trade from the United States and the lack of knowledge as to where we stand in these trade matters is bound to have an adverse effect on investment in Canada from abroad. The figures prove—I do not need to labour the point—that investment from abroad and particularly from the United States and the United Kingdom is of great importance to our future development. We have heard a lot in this house in recent years about the political and economic dangers of United States financial penetration of this country, and indeed there are dangers attached to it. There is no doubt about that. But I suggest, also, that this investment from the United States in Canada in recent years has been an indication of the confidence of the people of the United States in the development of Canada as Canada and not as a satellite of the United States. If we had not had that kind of investment in recent years, not only would we have been in far greater difficulty than we were over our trade balance on the whole but the entire pattern and basis of our development would have been altered and would have been slower; and I do not know anybody in Canada who would now say we should have slowed down that development.

Therefore it is important to maintain this atmosphere of confidence in Canada which has had such a marked effect upon investment in Canada. We can and we must protect ourselves against pressure, political and economical, from foreign investment from any quarter, and the only quarter where those pressures are likely to be of importance is I admit, the United States. But I think we should be very foolish and very short-sighted if we in any way brought about an atmosphere which would discourage the participation of American investment in the future development of this country. If we did it would slow down development, and the slowing down of development would mean the speeding up of unemployment.

The Minister of Public Works (Mr. Green) has mentioned the imbalance in our trade. Over the years we are bound to recognize that this has become a problem. It would be foolish to underestimate the seriousness of that problem. It would also be foolish to exaggerate its dangers and its significance in recent years at a time of great capital development and expansion in this country, an expansion which could not have taken place without the import of capital which, in effect, covered that imbalance in visible trade. We ought to be accustomed in

this country to imports and exports not balancing. They have never balanced since confederation. I have been reading, as no doubt some other hon. members have been reading—I am sure members of the C.C.F. party have read it—a very interesting pamphlet put out by the labour research department of the Canadian Labour Congress, the editor of which is Dr. Forsey, a man not notable for his excess of friendliness toward the Liberal party. On the question of unbalanced trade and how did we pay for this imbalance, this gap between our exports and our imports, he said:

> We didn't. We borrowed. Canadian individuals, businesses and governments bought a whacking lot of goods and services on credit. We borrowed, of course, mainly from the Americans, because they have the most money, because they are the nearest, because they know the most about the possibilities of profitable investment here, and because they provide the biggest effective demand for the things we can produce by developing our new resources.

And incidentally, when we develop those new resources, as we are, from funds supplied in part from outside our country we are by that fact increasing our exports to those countries from which we got the money in the first place. Dr. Forsey goes on:

> Borrowing on such a scale (almost $3 billion in the last four years) makes a lot of Canadians very uneasy, to say the least. Surely it's not healthy to go into debt like this?
>
> The first answer to that question is that we have done it before, and survived.
>
> The second, and main, answer is that the healthiness or otherwise of borrowing depends on what you do with the money. The spendthrift borrowing for a lost weekend is one thing; the businessman with a solidly based business borrowing to expand that business is another and very different thing.

And that is what we have been doing in this country in recent years. Then, he says:

> There can be little doubt that Canada is the businessman rather than the spendthrift. We are borrowing to develop our resources. They are rich resources, and there is every prospect that most of the developments will pay handsomely.
>
> No doubt it would be better if we could do the developing ourselves, without having to borrow. Then we should not have to pay interest or dividends or repay principal to external investors. But the plain fact is that, unless we are prepared to slow down our development, or finance it all ourselves, we cannot get along without large borrowings from the United States.
>
> Are we prepared to slow down our development? It would be interesting to find anyone who would say yes.

Therefore, Mr. Speaker, I suggest that the proper policy to follow in these matters is not to create an atmosphere which will restrict trade or restrict investment but to create an atmosphere which will encourage investment and encourage expansion to all trade areas; not diversion but expansion. It seems to me, Mr. Speaker, that there has seldom been a time in our history when trade expansion was more necessary than it is at this time of slackening and reduced employment. That this is occurring is undeniable. We know the figures for mid-November were 352,000 unemployed and I suppose they are higher now. Indeed a Conservative member of the provincial legislature in Toronto—I quote him because he will not be suspected of betraying the country or rocking the boat—has prophesied that before March we shall have 800,000 unemployed. I hope he is wrong.

When we mention this problem of unemployment in this house we are accused—we have been accused—of trying to create a panic and increase a problem which is already serious enough. I suggest, Mr. Speaker, that that reaction to our efforts to bring this problem to the house and to the country is an unworthy one, I only have to recall to hon. gentlemen opposite their own fulminations and their own doom and gloom speeches in 1954 and 1955 when the situation was not as bad as it is now.

If we call attention to this problem, this very human problem behind the statistics, and if we call attention to its relationship to trade, to expanding and not restricting trade, it is so that in this parliament we may be able the better to do something about it and to encourage the government to bold, resolute, imaginative and wise action. I, of course, admit, as all hon. members must admit, that they have done something. They have primed the pump; they have encouraged construction, and all these things are good as far as they go. But they have not gone far enough yet to meet the problem which is looming up ahead of us, and I suggest they will have to take bolder and more imaginative action than that before the winter is over. I suggest also that this problem of unemployment will be increased in this country if we are not given stable, wise, constructive economic and trade policies which will create that atmosphere of confidence at home and abroad which could be the basis for our future prosperity as well as that for dealing with our present difficulties. We will not do that, Mr. Speaker, if we talk about diversions and restrictions or if we talk about action to reduce foreign trade by keeping out foreign goods in the interests of domestic employment.

We have had periods of recession and depression in this country before and one which we are not likely to forget; but surely we must have learned from the experience of those days that that kind of restrictive,

panicky protective, policy does not aid employment. In the long run it creates unemployment and I hope it will not be followed by this government.

May I suggest one area where perhaps there is a possibility for imaginative and bold action, the effect of which may not be felt immediately but would be felt before long, and that is our trade relationships with the West Indies, the new federation of which was born just the other day. I know that we in this country have done a great deal for undeveloped countries, perhaps not nearly as much as we should or could do; we have made a respectable contribution to what we call underdeveloped areas. We have such an area close to home, materially and economically underdeveloped, in the West Indies. Perhaps it would be worth considering whether we cannot tie that new part of the commonwealth, as it soon will become, more closely economically and financially, to our own country, Canada, by exploring the possibility of free trade between the West Indies and Canada, or a freer trade area, and by tying up our two currencies, which would encourage trade and transport between us. I throw that out as merely one suggestion.

As to what can be done so far as the free trade proposal of the United Kingdom is concerned, we do not know where we are in that matter at all. We have asked and asked and asked what progress, if any, has been made, what consideration has been given to it. We know that the Minister of Trade and Commerce was in the United Kingdom for three weeks. We know that he saw the prime minister, the chancellor of the exchequer and the president of the board of trade. We know that he did not mention the British free trade proposal in those interviews because he said so. We know that the Prime Minister was in the United Kingdom and he met the United Kingdom leaders in Paris. He said he was not able to discuss this matter with them at the time. We know that the president of the board of trade is on this hemisphere at the present time but he is in Venezuela rather than in Ottawa. We know that the prime minister of the United Kingdom is going around the commonwealth at this moment but he is not coming to Ottawa to discuss the British free trade proposal. I suggest that one of the most astonishing things that has happened in the last six-months period in which my hon. friends have been in power is this proposal that the British made and the way in which it was made, which commanded so much attention. It died from that moment on so far as the Canadian government was concerned.

Mr. Green: May I ask the hon. member a question?

[Mr. Pearson.]

Mr. Pearson: Yes.

Mr. Green: Are the hon. member and the Liberal party in favour of free trade with the United Kingdom?

Mr. Pearson: That is a perfectly reasonable question, Mr. Speaker. I have been asked it before. What we are trying to do, of course, as an opposition, and as it is our duty to do, is to find out the policy of those who are responsible for these matters.

Some hon. Members: Oh, oh.

Mr. Pearson: But, Mr. Speaker, I will be very glad indeed to tell my hon. friends what I would have done in the matter. I would have announced at once that this is a far-reaching, imaginative and constructive proposal on the part of the United Kingdom government and one which seems to indicate the seriousness of their intention of getting closer economically to Canada, something which my hon. friends have often talked about, and I would have followed that up by saying that this proposal should be immediately and sympathetically considered in discussions between the two governments.

Mr. Green: Yes, but are you in favour of it?

Mr. Pearson: And, Mr. Speaker—

Mr. Green: Why not answer the question?

Mr. Pearson: —I think I would have gone a little further than that. I would have added, if I had been in a position of responsibility—

Mr. Green: Why not answer the question?

Mr. Pearson: —that while it is very important indeed to work out bilateral relationships of that kind which increase trade between countries, and no country has more at stake in this matter than Canada, it is of even greater importance to expand this area of freer trade beyond two countries. I would have suggested that perhaps the British proposal could have been discussed within the context of Atlantic freer trade so that all this talk about economic interdependence in NATO might eventually result in some action towards economic interdependence. I trust that my hon. friend is completely satisfied now that if we had been in power we would have known how to deal with this matter.

Mr. Green: Why don't you answer the question?

Mr. Pearson: I suggest that the record is clear that this party throughout the years has stood for freer trade and has realized freer and expanding trade between Canada and other countries and that this party when in power has always attempted to avoid those restrictive trade practices which in the past

have done us harm when they have been put into effect by governments of the party of my hon. friends. I can assure my hon. friends opposite that that will be our policy in the future, freer and expanding trade between all free countries.

Mr. Speaker: May I inquire whether any of the members who have risen are going to pursue the grievance which has been opened?

Mr. Knowles (Winnipeg North Centre): What is it?

Mr. Speaker: I would describe it as a grievance relating to governmental trade policy with respect to the United States but it seems to me that unemployment was added to it. I would describe it as a trade grievance.

Mr. Diefenbaker: A glossary of gloom.

Mr. Speaker: The hon. member for Dauphin.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, on the assumption that what the hon. member for Algoma East (Mr. Pearson) was talking about was chiefly trade, I should like to make a few brief observations in connection with what he had to say. He started by referring to the lack of information with regard to the proposal made by the British government to the Canadian government for a free trade area and also to the proposal made by the Prime Minister (Mr. Diefenbaker) during the course of the election campaign for a diversion of 15 per cent of our trade with the United States to Great Britain. I think he scored at least one point when he pointed out quite effectively with respect to the question of diversion of trade from the United States to Great Britain that about all the government has been able to accomplish so far is to lose some trade with the United States without gaining any from Great Britain.

I fully expected to see the Minister of Trade and Commerce (Mr. Churchill), the Prime Minister or some other responsible minister rise immediately to make a comprehensive statement on behalf of the government as to what, if anything, has transpired with relation to the proposal of Great Britain for a free trade area. That matter has become even more important since the original proposal was made due to the fact that a European common market is now in the process of being set up in which the United Kingdom apparently is going to play a part. We know that if we sit back and do not show any interest whatsoever in the proposal made by Great Britain to Canada the chances are that we will be the loser if that common market expands and absorbs a larger number of nations, as seems to be the prospect. I think the government certainly should go so far at this time as to make some statement of policy with regard to the British proposal.

The hon. member for Algoma East has gone quite a distance today in showing his sympathy for the proposal. At one point I almost expected that he was going to come out in favour of it. However, he very skilfully stopped short of that and did not really lay the policy of his own party before the house. But I think the time has come when parliament and the country deserve to be told exactly what the plans of the government are with regard to trade with Great Britain. A Canadian trade mission went to Great Britain at considerable expense to the Canadian taxpayer. No doubt the members of the mission were very interested in what they saw and the discussions they had, but we are still waiting to hear of any practical results from that mission. We are still waiting to hear from the Minister of Trade and Commerce or any other member of the government as to what field of endeavour they covered and as to what the intentions of Canadian business people are so far as imports from Great Britain are concerned. We are waiting to hear what if any actual discussions were held with the government of Great Britain with regard to a trade agreement between our two countries. We are being left entirely in the dark.

Before this discussion is over I think that parliament and the people of Canada deserve a statement from the Prime Minister speaking on behalf of the government in order to clear up some of the doubts and misunderstandings which are developing over this question. I am not going to repeat at this time what I have had to say before on the subject of a free trade area. My views have been expressed in the house and I am prepared to stand by them. I think there are some very distinct advantages to be gained by Canada in accepting that proposal and if there have been any misunderstandings about the matter in my opinion it is due entirely to the fact that the government has failed to make its policies known and to place its views before parliament.

I think one misunderstanding has been created by the impression that has been left in the country that the acceptance of such a proposal would mean the complete wiping out immediately of all tariffs between the two countries, and from that point of view there are certain industries and certain groups which, of course, are apprehensive. As a matter of fact, that was not the proposal at all. The proposal was a most reasonable one. It was that we begin now to sit down around the table and try to find out how to extend the free list already in effect between the two countries. The proposal

was that this should be done step by step over a period of years and that we should try to see how we could reduce trade barriers so as to make the exchange of goods between the United Kingdom and Canada flow more freely with the objective or the ideal, if you wish to call it that, that in the end over a period of 10, 15 or more years we will arrive at a position where the two nations can trade freely, which is the only natural state of affairs that should exist between such countries within the commonwealth as Great Britain and Canada.

In my opinion, what the government has been doing so far in that respect has been very disappointing. The Minister of Finance (Mr. Fleming), since he became the head of that department has been busily referring certain tariff items to the tariff board. Almost every second or third day we receive in the mail a new list of items which have been referred to the tariff board.

Many of these items are items which have to do with tariffs against British-made goods. We know from experience what that means. Any time the Minister of Finance refers a tariff item to the tariff board it is for but one purpose and that is to get a recommendation to justify increase in certain tariffs. The minister will argue that it could, in some instances, mean decreasing certain tariffs also. Theoretically he would be right. However, we know that over the period of the last 10 or 15 years any time the Minister of Finance has referred certain tariff items to the tariff board it has been for the purpose of getting a recommendation in order to justify an increase in these tariff items.

As a matter of fact it seems to me quite clear now that this government instead of moving in the direction of freer trade between Great Britain and Canada is actually moving in the direction of a more restricted trade policy. In other words, we have the very opposite of what the Prime Minister advocated during the election campaign. From that point of view, this whole question of the trade mission looks a little bit ridiculous. Here we are going to the trouble and expense of sending a group of people over to the United Kingdom to induce the producers of manufactured articles in that country to find a market for their goods in Canada, creating the impression that we are willing and anxious to have their goods brought to Canada and exhibited to the Canadian consumer. On the other hand, the Minister of Finance is busily finding ways and means by which he can further restrict that trade, by which he can place higher trade barriers against the trade between the two countries. In other words, he is trying to find the means by which he can stop British-made goods from being sold in Canada.

Surely it is time that the government made its policy known. If they are going to follow restrictive trade practices, if they feel they do not want British-made goods sold in Canada because they constitute competition for certain industries in which the government is interested or which they feel require protection, let them say so. Let them stop kidding the people of Canada. Let them stop kidding the people of the United Kingdom. If, on the other hand, they really mean business when they talk about freer trade between this country and the United Kingdom, let them take some practical steps to indicate that they really mean business. The first practical step could have been taken as early as last September or October, and that would have been to indicate they were interested in the British proposal for a free trade area; that they were prepared to sit down with representatives of the British government to try to find ways and means by which some tariff barriers between the two countries could be removed and in that way improve trade between the two countries. They could also make it quite clear that they are not going to do anything from now on to increase tariff barriers against British goods.

Until we see some indication of action on these questions, or at least get a statement of policy from the Prime Minister, then the only thing we can conclude is that the government is quite happy to continue tossing the ball back and forth with the official opposition while leaving the matter as it was before. I listened with great interest to the foreshadowed leader of the Liberal party, but I could not help but recall having heard those words before from former Liberal leaders in this country. We have heard exactly the same phraseology in the period between 1930 and 1935 when we had a Conservative administration in this country and which adopted the same trade restrictive psychology as seems to be evident now. When the Liberals came back into power they fiddled around with the tariff structure but left it pretty much in the same condition as they found it. In some cases they increased trade barriers instead of reducing them.

It is for these reasons we say, so far as this group is concerned, we believe that until the government is prepared to carry on our trade in a logical manner, until the government is prepared to set up export-import boards which would be for the purpose of exchanging goods and not for the purpose of making profits for private corporations; until

we are prepared to approach the whole question of trade from the point of view of the Canadian people rather than the welfare of a few individuals or a few corporations, we will never have a satisfactory system of trade relations with other countries. I think that eventually we will have to get away from this idea of competition. We will have to realize that today we are living in a world where we have to co-operate and improve our position in that fashion. If we continue to compete in the same way as each individual tries to exploit the other or one nation tries to exploit the other, if we follow that line then we will be getting deeper and deeper into trade barriers, trade restrictions and eventually into a world depression again.

Until the government of Canada is prepared to accept a rational and sensible system of trade relations through import-export boards then the least the people of Canada should expect from this government is some statement of policy on trade. I hope that before this debate is concluded we will hear from either the Minister of Trade and Commerce or the Prime Minister as to what their attitude is with regard to this proposal of Great Britain for a free trade area; what their attitude is generally on the question of tariffs in so far as the United Kingdom is concerned, and as to what practical results have already been achieved or that they expect may be achieved as a result of this rather expensive trade mission that was sent to Great Britain and about which they have not given any detailed report whatever. In the absence of such a statement we shall have to assume the government has no policy or has the kind of policy they are anxious to hide until the next election is over.

PRAIRIE FARM REHABILITATION—BOW RIVER PROJECT

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I have a grievance I should like to bring to the attention of the house. It is a matter that concerns the Department of Agriculture, and I am sorry the minister is not in the house tonight. However, I understand that he is ill so I wish him a speedy recovery.

This matter concerns a number of people residing in what is known as the Bow river development project, who are under contract with the federal government. I should like to read into the record a letter that was sent to me and a copy of a plea that was sent last month to the Prime Minister (Mr. Dienfenbaker). The letter reads:

Dear Sir:

Enclosed you will find a copy of a letter that the Hays F.U.A. No. 1415 sent to Hon. Mr. Diefenbaker. We trust you will give us your full co-operation in seeing that our plea is acknowledged.

This letter was signed by 104 farmers in the area. I should like also to read that plea which was sent to the Prime Minister. It reads:

Dear Sir,

We the people of Hays, Alberta, wish to make a plea to you to make a thorough investigation of the Bow river project "Hays Area", as it is practically impossible for us to make a living on the small plots.

We are all people who have come from the unsuitable farming districts of Saskatchewan, Manitoba and Alberta or veterans. We have been placed on parcels of land consisting of approximately 120 acres, these units are just too small to make a reasonable living.

Some of us have been here since 1952 and not one of us to this day have a land deed, even though the P.F.R.A. took our land in trade which land was clear of all debts.

Some of us who had no land to trade in have been on the rental basis, and none of the crop share has been deducted from the principal, as we were promised verbally when first interviewed. It has come to the stage now that we cannot carry on our operations any longer, with our present rate of income from these small units.

We are not allowed to rent a neighbour's parcel should he be forced to go working for wages, because he can not make ends meet on his unit of land.

Should some of us be able to get money enough to buy our neighbour's unit, he cannot sell because he does not hold any deed, nothing even giving him permission to have buildings on the places.

We trust you will get in touch with your minister of agriculture and mend the mistakes the former minister of agriculture made in establishing this irrigation project, or the majority of we farmers will have to turn to social welfare, which in this day and age is a shame.

In this regard, Mr. Speaker, I suggest that before you can resolve a problem you must first of all recognize that a problem exists. I took this matter up on the orders of the day. As reported at page 2650 of *Hansard* I asked the acting prime minister—because the Prime Minister was away in Paris at the time—whether he had looked into the matter. He referred me to the Minister of Agriculture (Mr. Harkness) who, he said, would deal with the question. Here is the reply that I received at that time. I am quoting the minister as reported at page 2650 of *Hansard:*

Mr. Speaker, I have not the particular petition referred to. I will be glad to look into the matter when and if I receive it. However, I think the matter referred to is one which was contained in a long letter addressed to the Prime Minister and forwarded to me containing numerous but confused complaints with regard to the difficulty of a certain family group of Hays. I might say that those complaints were investigated by the local of the Alberta farm union at Hays, and the local did not seem to think there was very much in them.

I may say that I was in the Hays area during the Christmas recess and I found that it is not a family problem. It is a problem that concerns every one of the farmers who are settled in that area. I went to

see the secretary and the president of the local farmer's union and they were surprised to learn that they were supposed to have investigated this matter. They had not heard anything along that line at all. They knew that they had sent the request to the Prime Minister but they had never been asked to investigate the matter.

I realize that when the P.F.R.A. took over the existing irrigation district in that area it was necessary because it had deteriorated and renovation was necessary. I realize also that when they were renovating it they expanded it to a certain degree. I think this was also a proper thing to do, in view of the fact that they were going to do the work, and there were several hundred thousand additional acres that could be brought under the ditch when renovation was done on that scale. I agree also that possibly the setting up of the contour farms, in size from 90 acres to 120 acres or approximately that size, was a proper thing to do but I think it is also essential that we realize that these farms were designed for irrigated crops. They were designed for those specialized crops that can be grown under irrigation but they are not economic units if they are to be used for growing wheat, oats and other grains in competition with dry land areas. There are several reasons why that is true. One is that there is not sufficient production of that kind of crop, and under the present quota system these small units do not allow each farmer sufficient income to make a living.

I hope the day will come soon when this land, that has been put under the ditch can be used properly for the growing of crops that are particularly adapted to irrigated farming. Those crops I suggest are sugar beets, various vegetable crops and other specialized crops where there is a high dollar return per acre.

I do not wish to go into that matter at length now. However, I should like to ask the government review the economics of these small units in view of the recent advances in the mechanization of agriculture and the tendency toward larger farm units. I would also ask the government to give immediate consideration to two things that would alleviate the situation until such time as this land can be used properly. First of all, I think the government should consider allowing temporary absence from these farms of those farmers who would like to do something else where they can make a living, get a job for wages and so on, and thereby allowing their neighbour to rent their unit while they have to grow these crops which, as I suggest, are not adaptable. Then also I think the government should give these people now—not some time later—a reasonable clear-cut contract so that they will know where they stand. They do not have this contract at the present time.

Mr. Speaker, this is not a plea for any subsidy or anything of that nature. It is simply an attempt to get the government to realize that unless the government is prepared to give recognition to this situation these people are going to be on relief. If they would allow temporary absence and give the farmers that stay on the land a clear-cut contract to their land so that they know where they stand then I think possibly they can get along until general agricultural conditions improve and reach a better level.

(*Translation*):

UNEMPLOYMENT AT MAGDALEN ISLANDS

Mr. C. A. Cannon (Iles-de-la-Madeleine): Mr. Speaker, on behalf on the electors of the Magdalen islands, I wish to give my full support to the remarks made by the hon. member for Algoma East (Mr. Pearson). It is quite important for us that the Canadian external trade with the United States should continue, as far as the exports of our fish products are concerned.

A few years ago, the United States tariff commission recommended an embargo or higher tariffs on the imports into the United States of Canadian fish products, and only the veto of President Eisenhower saved us from such an action which would have been disastrous for all the fishermen of eastern Canada and in particular for those of the Magdalen islands.

Indeed we export to the United States a great quantity of lobster, of frozen cod fillets, and of fish meal and oil. The export of all these products is essential to the economic welfare of the Magdalen islands and, if the steps taken by this government or by any other Canadian government should have harmful effects on the good work of our American friends who protect us in circumstances similar to those I have just mentioned, I say, Mr. Speaker, that such an action from the Canadian government would be absolutely disastrous for the Magdalen islands.

That is why I fully agree with the hon. member for Algoma East when he says that what Canada needs, as far as trade is concerned, is the expansion and not the diversion of her trade from one friendly country to another.

Mr. Speaker, the hon. member for Algoma East has also dealt with a question which is of interest to the Magdalen islands as much as to the whole of Canada, that is the unemployment situation. So the grievance which I wish to express to the house and to bring to the attention of the government

concerns the unemployment problem in the Magdalen islands which must be checked without delay. The most populous and the most industrialized of the Magdalen islands . . .

(*Text*):

Mr. Speaker: Order, if the hon. member would recognize that there are several members who would like to speak and there is very little time available, perhaps he would refrain from opening up a second subject.

(*Translation*):

Mr. Cannon: Mr. Speaker, I do not intend to make a long speech and I am dealing with the same matter as the hon. member for Algoma East—

(*Text*):

Mr. Speaker: The hon. member for Algoma East (Mr. Pearson) spoke on the subject of trade rather than of unemployment.

Mr. Cannon: Also unemployment.

(*Translation*):

That is what I am saying, Mr. Speaker. I am speaking about unemployment and "chômage" in French means unemployment. I am speaking about unemployment and I say that, to remedy unemployment more public works should be carried out in the Magdalen islands. The grievance which I am expressing in this house is one of great importance to the Magdalen islands.

The main wharf of Cap-aux-Meules island was damaged by a storm last fall and it is very important that it be repaired before the opening of navigation. On this point, I should like to make two suggestions. I suggest first that the steel should be obtained for the pilings and then that tenders be called in advance so that the contract be awarded and the wharf repaired as soon as navigation opens.

Then, Mr. Speaker, I submit that this grievance has to do with unemployment because, through repairs to the wharf, jobs will be given to unemployed people, and thus the unemployment which we all deplore will be spared those people.

Before concluding these remarks, I would like to submit to the government and more particularly to the Minister of Public Works (Mr. Green) and the Minister of Transport (Mr. Hees) a list of works whose implementation would help relieve unemployment in the Magdalen islands.

The landing strip at the Havre-aux-Maisons airfield should be completed. The wharf at Cap-aux-Meules should be repaired. The port at Baie-aux-Huîtres should be developed. The port at Dune-du-Sud should be repaired. The runway at the airfield at Havre-Aubert should be improved, enlarged and lengthened. The port at Havre-Aubert should be improved, as well as the fishing ports of Etang-des-Caps and Etang-du-Nord, by the construction of a new breakwater on the west side. There should also be constructed a breakwater at Millerand which would also serve the adjoining communities, more particularly l'Anse-a-la-Cabane and l'Anse-Lebel. Improvements should also be made to the harbours at Havre-aux-Maisons and Pointe Basse.

These are a number of suggestions which I put to the government and which would help relieve unemployment. I hope that the government will give them sympathetic consideration and will give the necessary instructions so that these various public works can be carried out as soon as possible.

(*Text*):

PUBLIC BUILDING, EDMONTON—PARKING FACILITIES

Mr. S. H. S. Thompson (Edmonton-Strathcona): Mr. Speaker, I believe we are expecting a knock at the door but if there is time I would certainly like to bring my grievance before you. It has to do with several interrelated problems surrounding the new federal building in Edmonton. I believe everyone would agree that this is one of the finest federal buildings in Canada and certainly the most modern.

Since time is very limited I think I had better deal with one problem in particular, especially since the Minister of Public Works (Mr. Green) is here. That problem has to do with the small amount of parking space in relation to the size of the building. For a $6,300,000 building, housing practically every department of federal operations in that area, we have parking facilities for 130 cars which will not be nearly enough for the staff alone. In addition to that, there is absolutely no room for expansion and I understand that all the departments are not going to be able to find their way into the building as they first expected.

This, of course, leaves no room at all for landscaping of any kind which is certainly a pity in view of the style of the building. I understand that immediately to the south and in the same block as the federal building land is available. In fact a development permit has been given for an office building in that area and the developers, I believe, feel that they would now like to perhaps get out from under. They might be interested in trading the federal government some of that land for some of the property which the federal government will be vacating in the near future when it moves into the new building.

It would seem to me absolutely essential both from the parking standpoint and from

the point of view of future increase in the size of building which may be anticipated that this land be procured immediately.

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

The estimates of the following departments were first taken up and entered for consideration:

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

297. Departmental administration, $637,817.

DEPARTMENT OF PUBLIC WORKS

353. General administration, $6,927,301.

DEPARTMENT OF TRANSPORT

435. Departmental administration, $1,937,680.

Proceedings reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business will be tomorrow, Mr. Speaker.

Mr. Green: The business for tomorrow will be as announced last night. First, No. 9 on today's order paper, the Beechwood resolution; then No. 11, with respect to Atlantic power; then No. 2, annual vacations with pay; then No. 4, with respect to the income tax agreement between Canada and Australia; then No. 3, a bill respecting the boundary between Alberta and the Northwest Territories; No. 6, second reading of the bill amending the Criminal Code; and No. 8, a resolution concerning an amendment to the Northwest Territories Act.

Mr. Chevrier: Could the house leader indicate what other business will be taken up after tomorrow?

Mr. Green: No, Mr. Speaker, I am not able to do so but I will let the representatives of the parties know as soon as I can.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And having returned:

Mr. Speaker informed the house that the Deupty Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Pierre Rothe.
An act for the relief of Vasyl Dudka.
An act for the relief of John Francis Bernard Deegan.
An act for the relief of Jean Guy Joseph Desparois.
An act for the relief of John Howard Cooper Thompson.
An act for the relief of Romeo Raymond.
An act for the relief of Annette Allard Huint.
An act for the relief of Vera Dziedzic Volkman.
An act for the relief of William Toulouse.
An act for the relief of Frances Maud Mercer Barter.
An act for the relief of Florence Bloomfield Cichella.
An act for the relief of Carmen Baron Matucha.
An act for the relief of Martine Rolland Badeaux.
An act for the relief of Gertrude Laurence Delisle Laplante.
An act for the relief of Viola Carmela Starnino Dizazzo.
An act for the relief of Ludek Peter Rubina.
An act for the relief of Bernhard Wilhelm Michael.
An act for the relief of Paul-Emile Bedard.
An act for the relief of Michael Todascu.
An act for the relief of Iris Dorothy Birks Yates.
An act for the relief of Marion Gloria Ewart Balleine.
An act for the relief of Yvonne Florence Kee Brien, otherwise known as Yvonne Florence Kee Durocher.
An act for the relief of Christine Mary Mackay Leavitt.
An act for the relief of William Lucien Proulx.
An act for the relief of Lionel Houde.
An act for the relief of Gilberte Henriette Marie Harchoux Vuillaume.
An act for the relief of Catherine Maitland Moenting Johnstone.
An act for the relief of Maria Torossi Chartrand.
An act for the relief of Judith Sidney Browne Stein.
An act for the relief of Florence Wedge Whitlock.
An act for the relief of Jean-Baptiste Gagnon.
An act for the relief of Christine Silverson Manchur.
An act for the relief of Joseph Napoleon Leon Prosper Brault.
An act for the relief of Kaarlo Kustaa Loikkanen.
An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1958.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

APPENDIX

LETTER TO PROVINCIAL PREMIERS RESPECTING DEVELOPMENT OF CAMP GROUNDS AND PICNIC AREAS

Ottawa, January 2, 1958.

The Hon. W. A. C. Bennett
Premier of British Columbia
Victoria, B.C.

My dear Premier:

At the federal-provincial tourist conference that was held in Ottawa this past October there was a good deal of discussion on the possibilities of major developments being achieved over the next few years in the expansion of Canada's tourist industry. It was recognized that in most areas of the country expansion of tourist accommodation facilities of all kinds would have to be effected before any major increase in tourist traffic could be handled adequately.

One type of tourist accommodation which has rapidly increased in popularity over the past few years, and which would certainly have to be expanded to meet a major increase in tourist traffic, is camp ground-picnic area development. At the conference, all provinces demonstrated their interest in this form of development, whether it would be located along provincial highways or in provincial park areas. I indicated on behalf of the government of Canada the strong interest which the government has in the development of the tourist industry which already plays such an important part in our country's economy and which we are sure will play an increasingly important part in years to come. While I was not able at the conference itself to make any definite offers of federal assistance in connection with projects the provinces might wish to undertake, the whole problem has since been under most active consideration.

The government of Canada has now decided that it would be very much worth while to take an immediate step in the direction of some assistance as a practical experiment. The work involved in implementing the program would have particular value at the present time in providing added employment this winter in many different localities across Canada. I have therefore been authorized to offer on behalf of the federal government a program of assistance to the provincial governments on the following basis:

(1) The federal government will reimburse the provincial governments for 50 per cent of provincial government expenditures made on camp ground and picnic area developments between the date of this letter and May 31, 1958.

(2) The offer applies only to developments on land owned or to be acquired by the provincial governments and constructed by or on behalf of provincial departments and agencies, with the understanding that the developments would continue to be owned by the province.

(3) Subject to (2) above, the developments could be constructed anywhere in the province.

(4) The offer is made on the basis that not less than 50 per cent of all expenditures are for payment of wages of persons employed on the work.

(5) Auditing of provincial records or inspection of provincial works by federal representatives would not be a condition of reimbursement. Reimbursement would be made on receipt of a letter or statement from the provincial minister or ministers directly concerned giving the total of expenditures made within each of the prescribed periods and stating that the conditions set out in (2), (3) and (4) above had been met, and enclosing a list of the points where work was done and a very brief description of what had been accomplished at each point.

(6) Reimbursement could be made on a monthly basis if desired by the province, on submission of an appropriate letter or statement as set out in (5) above to cover the expenditures made in the last complete month. For expenditures made prior to March 31, 1958, a covering letter or statement would have to be received by April 20, 1958, so that the federal contribution could be paid from 1957-58 funds. Covering statements for provincial expenditures in April and May could be submitted any time before June 30th.

(7) Because of the limited time, it would not be proposed that formal agreements be entered into. This letter, together with a letter from a provincial premier accepting the offer and the conditions set out above would be regarded as the agreement. Immediate consideration will be given to placing before parliament a request for the provision of the funds that will be required for the federal share of the cost of the program.

Development of Camp and Picnic Areas

I am sorry that I have not been able to advise you of this program at an earlier date but I would hope that it will still be possible to organize and carry out a good deal of work such as cutting and clearing of sites, trails leading to sites, erection of camp buildings and so on. We propose to initiate a program of this nature at once within the national parks and we have found by past experience that a good deal can be done regardless of weather conditions.

I would be very pleased if you would let me know as soon as possible whether your province wishes to take part in the program. If your province is to take part, it would be particularly helpful if you could let me know the approximate total of the expenditures you believe your government will be able to make during each of the two periods of the program. From these estimates we will have some idea of the probable total of federal contributions that would be required.

Yours sincerely,

Alvin Hamilton.

HOUSE OF COMMONS

Wednesday, January 8, 1958

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Seventh report of standing committee on miscellaneous private bills.—Mr. Rea.

EXTERNAL AFFAIRS

COLOMBO PLAN—STATEMENT ON PURCHASE OF WHEAT BY MEMBER COUNTRIES

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, during recent weeks the government has been giving close study to the food situation in Colombo plan countries. Because of short crops on the Indian subcontinent, India and Pakistan have had to import unusually large quantities of wheat, much of it from the United States under the provisions of public law 480, in addition to their usual commercial purchases from traditional suppliers like Australia; and Ceylon will require additional food as a result of recent disastrous floods.

A few months ago, as the situation worsened, a decision was made to supply a limited quantity of wheat to both India and Pakistan and some flour to Ceylon out of available Colombo plan funds. This decision was warmly welcomed by these commonwealth countries. The totals could not be as large as we might have wished, $7 million to India, $2 million to Pakistan and $1 million to Ceylon, because the funds had already been largely committed for urgent purposes of national development.

Some weeks ago, the Indian government approached us to ascertain whether Canada would be prepared to supply additional wheat for payment over an extended period. Having in mind the great interest the Canadian people have shown in assisting India in its gigantic task of economic development, the government believed that parliament would wish to go as far as possible to meet the Indian request.

Accordingly negotiations have proceeded, and I am in a position to inform the house that an agreement has been reached between the Canadian wheat board and the Indian government for the supply of a quantity of 400,000 tons of wheat, approximately 15 million bushels, to be shipped during the winter and early spring months. This agreement is subject to the conclusion of financial arrangements between the two governments which will provide, in brief, that payment will be made in seven equal annual instalments beginning three years after shipment. Interest is payable annually at a rate equal to the borrowing cost to the Canadian government plus a small charge for overhead. This rate is not likely to exceed 4½ per cent.

These terms are, of course, most unusual. They are not terms that could be offered in ordinary commercial markets without the danger of turning cash sales into long-term credit sales. They can only be justified as part of Canada's effort to consolidate the very real gains that are being made in India, Pakistan and Ceylon and other Colombo plan countries, to prevent the serious setback which could result from the need to import and pay immediately for large scale imports of foods.

When the government of Pakistan was informed of these discussions with India they asked if wheat would be available to them on the same terms, and we assured them that the same terms would be available to all countries in receipt of assistance under the Colombo plan. Pakistan also requested that part of next year's Colombo plan appropriation be used for wheat. Because of prior commitments with respect to continuing projects this would have been difficult. But, as I shall indicate shortly, the government is proposing an increase which will be of assistance to Pakistan.

We have reason to believe that India will require additional quantities of wheat, over and above 400,000 tons, from Canada during the coming months. Some of this they may be prepared to buy on terms similar to those I have outlined. Pakistan and Ceylon and other countries within the Colombo plan may also make similar requests in due course.

The government is confident that parliament will support the provision of wheat and flour to Colombo plan countries on the terms I have outlined. We are also confident that at this difficult time in the affairs of our friends in south and southeast Asia, parliament and the people of Canada would wish to see an increase in the amount of aid in the form of outright grants that is being made available to them.

When the Minister of Finance brings down further supplementary estimates later this

month parliament will be asked to vote approximately $30 or $35 million to be loaned to Colombo plan countries for the purchase of Canadian wheat and flour, and an additional $15 million as an outright grant for the same purpose. We have in mind that a part of the $15 million grant will be used to meet an urgent request for assistance by the government of Ceylon arising from the very serious floods that have caused such devastation in that country.

Canada has assumed responsibility to assist in the development of the countries of south and southeast Asia through the Colombo plan. This development is threatened by grave shortages of food. It is fortunate that our abundance coincides with their need and that we are in a position to play some further part in keeping this great effort of the free world moving ahead.

I am making this statement now so that plans for the movement of the wheat can proceed with a minimum of delay, and so that hon. members will be aware of this important development in government policy before they are asked to consider the relevant items in the estimates.

[*Later:*]

On the orders of the day:

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce arising out of the statement he made earlier today. Has the government of Canada given consideration to supplying under the Colombo plan more wheat flour or other wheat products to such countries as Pakistan which seem to lack the facilities for milling wheat? To repeat, has consideration been given to the supplying of wheat products rather than wheat to countries that lack milling facilities?

Mr. Churchill: Mr. Speaker, we have the closest co-operation with Pakistan, and everything depends on the requests they put forward.

COLOMBO PLAN—REQUEST FOR REPORT BY HIGH COMMISSIONER TO CEYLON

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Following the important statement made by the Minister of Trade and Commerce, which was well received in all parts of the house, would the Secretary of State for External Affairs again review my request that the Canadian high commissioner in Ceylon, who has completed his term of duty there, be given an opportunity to report to the Canadian people regarding the importance of the Colombo plan before taking a new posting?

Hon. Sidney E. Smith (Secretary of State for External Affairs): Mr. Speaker, I would accede to that request.

APPLICATION OF CREDIT POLICY TO OTHER THAN COLOMBO PLAN COUNTRIES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wonder whether the Minister of Trade and Commerce can inform the house whether the seven to ten years credit policy that has been offered or has been provided to India and other Colombo plan countries will be available outside the Colombo plan area to countries which do not have supplies of dollars. Can the minister say whether this general type of offer is available to such countries as Poland and Spain?

Hon. Gordon Churchill (Minister of Trade and Commerce): If the hon. member will read carefully the statement I made this morning I think he will find that this particular transaction is restricted to Colombo plan countries, and that the reason I stated was that we do not wish to interfere with cash customers. Ninety per cent of our export of wheat is sold on a cash basis.

Mr. Argue: I wonder whether I might ask the minister whether he considers that Poland and Spain are ordinary cash customers.

Mr. Churchill: Poland and Spain have been cash customers. At the present time Poland is buying wheat from us on a short-term loan basis.

Hon. L. B. Pearson (Algoma East): I have a supplementary question. Is it not true that some of the Colombo plan countries have been cash customers in the past?

Mr. Churchill: Not to any great extent.

DOMINION SUCCESSION DUTY ACT

CHANGE IN METHOD OF COMPUTING TAX; REVISION, CONSOLIDATION, ETC.

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

That it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify those provisions of the present act that continue to be appropriate.

Motion agreed to.

STARRED QUESTIONS

POWER—PROVINCIAL REQUESTS FOR FEDERAL ASSISTANCE

Question No. 45—**Mr. Pickersgill:**

1. On what date did the government of New Brunswick first request financial aid for Beechwood from the present government of Canada?
2. What was the form of the request and what was the nature and scale of the assistance requested?
3. On what date did the government of Saskatchewan first request the present government to join with Saskatchewan in the South Saskatchewan project?
4. On what date did the government of British Columbia approach the present government regarding the development of the Columbia river?
5. Has any other provincial government made any request for assistance or co-operation in any power project?
6. If so, which provincial governments and in respect of what projects?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to parts 1 and 2 is that in a letter to the Prime Minister dated July 23, 1957, the premier of New Brunswick, Hon. Hugh John Flemming, said:

> Federal assistance to the hydro development at Beechwood represents the most immediately required extension of the principle (of special assistance for the maritime area) in so far as New Brunswick is concerned.

A copy of this letter was tabled on January 3, 1958.

3. The premier of Saskatchewan wrote to the Prime Minister on August 8 and in his letter he said:

> Since your views and those of your party are well known on the desirability of the South Saskatchewan dam project, there is no need for me to stress the urgency for proceeding with it. However, it would be useful in preparing our budget if we knew when this undertaking was likely to be started and what contribution, if any, the Saskatchewan government would be expected to make over the next few years.

4. This government has not been approached by the government of British Columbia regarding assistance in the development of the Columbia river.

With respect to parts 5 and 6, the government of Nova Scotia has requested assistance in respect of several projects coming within the scope of the Atlantic provinces program already announced for which the parliament will be asked to appropriate funds, and the details will be explained at that time. The government of Prince Edward Island, by telegram dated January 7, made clear its desire to have this Atlantic provinces program cover the provision of additional facilities to provide power to the island; the government of Newfoundland has also expressed its desire to have the program extend to that province. Assistance in regard to specific projects has not been requested by these governments.

ELECTRIC POWER COSTS, NOVA SCOTIA

Question No. 51—**Mr. MacEachen:**

1. Has the federal government ascertained in its negotiations with the province, the present cost of electricity to industrial users in Nova Scotia?
2. If so, what are these present costs?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the answer to the first part of this question is yes.

With respect to the second part of the question the answer is that these costs vary considerably. For example, some large industrial users of wholesale secondary energy can purchase power in Nova Scotia at 7 mills plus a demand charge based on the connected load plus an escalation clause tied to the cost of coal. In the case of the smaller users of industrial power, the cost of firm energy has been 30 mills or more.

NEWFOUNDLAND RAILWAY—CHANGE OF GAUGE

Question No. 52—**Mr. Pickersgill:**

1. Is the government or the Canadian National Railways giving consideration to changing the gauge of the Newfoundland railway to standard gauge?
2. If not, is it proposed to give consideration to such a change?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I think I might deal with both parts of this question at the same time. Consideration is not being given to changing the gauge of the Newfoundland railway. I would point out that this matter has been raised on one or two occasions in the sittings of the sessional committee on railways and shipping, and I find that during the proceedings of this committee on March 18, 1957, the president of the Canadian National Railways stated as follows:

> There is a very wrong impression that a narrow gauge railway is by definition an inefficient railway. That is not so. A narrow gauge railway can be just as efficient, if not more. In the peculiar circumstances of Newfoundland, and the peculiar circumstances under which your railway was built, in the matter of grades, curvatures, etc., a narrow gauge is a more efficient railway than a standard gauge would be. That is why I have said before, if the proposal were to build a standard gauge, we would never build a standard gauge on the same right of way as the narrow gauge is on. You would get a different idea about curvature, gradings, and everything else.

POWER DEVELOPMENT, NFLD.—FEDERAL ASSISTANCE

Question No. 53—**Mr. Batten:**

1. Has the government received any representation from the premier of Newfoundland since November 25, 1957, regarding federal assistance for power development?
2. If so, what is the nature of the representations and what reply has been made by the federal government?

Right Hon. J. G. Diefenbaker (Prime Minister): In reply to this question, on December 21 a telegram was received from the premier of Newfoundland which is as follows:

I understand that you are bringing before parliament a measure enabling you to enter into agreements with Atlantic provinces governments for the development of thermal electric power plants. I respectfully suggest that the word thermal would in practice virtually eliminate Newfoundland from any assistance from Ottawa. My request could be met by adding the word hydro in case there is any reason why you must use the word thermal. I would greatly appreciate your complying with this request. Kindest regards,

J. R. Smallwood

A reply was sent acknowledging receipt of the telegram and containing these additional words explaining the position of the government:

I am asking my colleague the Minister of Northern Affairs and National Resources to look into this matter and get in touch with you. I know that he will be glad to see what can be done to bring Newfoundland clearly within the terms of the proposed agreements.

R.C.A.F. STATION, SUMMERSIDE, P.E.I.—HANGAR CONSTRUCTION

Question No. 54—**Mr. Pickersgill:**

1. Has a decision been taken to construct new hangars at the Royal Canadian Air Force air station at Summerside, Prince Edward Island?
2. If so, on what date was the decision taken?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, the hon. member for Bonavista-Twillingate has asked whether a decision has been taken to construct new hangars at the Royal Canadian Air Force station at Summerside, Prince Edward Island. The hon. member for Prince has also sent me notice of his intention to ask a similar question on the orders of the day today. Perhaps I might answer the two questions together.

A decision has now been reached to construct a cantilever hangar, a readiness hangar and an anti-corrosion hangar at Summerside, P.E.I., R.C.A.F. station, in order to house the new Argus aircraft.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I just want to draw the attention of the Minister of National Defence to a question which I have had on the order paper for several weeks, very similar to the ones to which he has just replied. I was wondering when I could get an answer.

Mr. Pearkes: I appreciate the interest taken by the hon. member in this subject, but as a decision was reached only this week and there was no opportunity to answer questions yesterday, he will understand why he did not receive an answer before this.

[Mr. Batten.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

AIR LINE POSTAL SERVICE PAYMENTS

Question No. 210—**Mr. Howard:**

1. Has any money been paid by the government to air line companies for mail carrying purposes?
2. If so, (a) what schedule of rates apply to each company by route? (b) upon what dates did the present respective schedules become effective? (c) were any schedules of rates, different than those presently in effect, applicable to the respective companies prior to the time referred to in (b) above? (d) if the answer to (c) above is in the affirmative, upon what dates did the various previous respective schedules become effective and what were the respective schedules by routes?
3. What has been the total amount of money to date paid to each air line company which has received any money for carrying mail?

Mr. Hamilton (Notre Dame de Grace): Return tabled.

GOVERNMENT RADIO AND T.V. PROGRAMS AND ANNOUNCEMENTS

Question No. 264—**Mr. Hansell:**

1. To date in 1957 has any department of the government and crown corporations, other than the C.B.C., sponsored any radio and T.V. programs and spot announcements over C.B.C. and independent stations?
2. If so, for each department or corporation, what are the (a) radio programs (b) T.V. programs; (c) the nature of the spot announcements?
3. What is the cost of each program and spot announcements?

VETERANS HOSPITALS—IMMIGRANTS TREATED

Question No. 285—**Mr. Herridge:**

1. Have any immigrants been admitted to, or received any form of treatment or services in hospitals of the Department of Veterans Affairs, between December 1, 1956 and December 1, 1957? If so, how many?
2. What was the total amount charged for these services to the Department of Citizenship and Immigration, or any other department?

PUBLIC SERVICE EMPLOYEES, B.C.

Question No. 296—**Mr. Hahn:**

How many civil servants, and in what departments, are employed in New Westminster, Cloverdale, White Rock, Ladner, Langley, Douglas port of entry, British Columbia?

TRANSLATIONS

Question No. 305—**Mr. Fisher:**

1. How many translators of Russian are there in (a) the bureau for translations; (b) in other government services, by departments?
2. What percentage of translations let out to outside translation services is classified for security reasons?
3. What is the average time from receipt of request for translation to the completion and return of the translated material?
4. What was the backlog of translation requests as of December 18, 1957?

PRINTING BUREAU—OUTSIDE ORDERS

Question No. 310—**Mr. Fisher:**

1. Were any orders for outside printing placed by the Queen's printer in the financial year ending March 31, 1957? If so, to what value and in what provinces?

2. If outside printing orders were placed, were any placed without any competitive bids being received? If so, to what firms, for what amounts?

TRADE

OIL—ALLEGED DUMPING OF SUPPLIES FROM VENEZUELA

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce or to the Prime Minister. Will the government inquire into the alleged dumping of Venezuelan oil into Canada and the charges made by church authorities and trade union leaders that the Venezuelan dictatorship and international oil companies are cruelly exploiting the working people of that country? Does the government consider this fair and proper competition with prairie oil?

Hon. Gordon Churchill (Minister of Trade and Commerce): I will take notice of that question, Mr. Speaker.

WHEAT—INQUIRY AS TO SALE TO AUSTRALIA

On the orders of the day:

Mr. Louis Lewry (Moose Jaw-Lake Centre): Mr. Speaker, can the Minister of Trade and Commerce advise this house what arrangements have now been made to supply Canadian wheat to Australia?

Hon. Gordon Churchill (Minister of Trade and Commerce): My hon. friend is quite rightly interested in the Australian situation. When he originally asked me about the crop failure in Australia I thought he was aware of the fact that Australia is one of the four great exporters of wheat in the world, and that they would know what to do in a case of emergency. Australia has a sufficient amount of wheat to feed its own population, but perhaps not sufficient to maintain overseas markets. We are ready to sell wheat to Australia whenever Australia makes a bid to buy. The Australian people are just as capable of dealing in wheat as anybody in Canada, and they quite likely know what they want to do. We have the wheat, and if they want to buy it we are ready to sell it.

Mr. M. J. Coldwell (Rosetown-Biggar): Does the minister expect to get an order from Australia? I heard him on "Press Conference" last night, and I thought that was the implication of his reply to one of the questions.

Mr. Churchill: Australia, I think, will buy some Canadian wheat. If we were placed in a similar position I think we would buy wheat. I am just waiting for Australia to order some Canadian wheat.

Mr. Pearson: May I ask the minister a supplementary question. Does he consider this to be an aggressive sales policy?

Mr. Churchill: Mr. Speaker, it is not a question of sending Canadian wheat salesmen to Australia. I have pointed out that Australia has been in the wheat business for years and is one of the great exporters. They know all about the wheat business. They know we have wheat. We are quite familiar with their shortage at the present time. The offer is there, if any country wants to buy.

Mr. Knowles (Winnipeg North Centre): Just like the wait and see Liberals.

Mr. Argue: Did the Canadian wheat board or some agency of government not approach Australia after a minister of the government of that country made an announcement that they were in the market for Canadian wheat?

Mr. Churchill: That perhaps has been done; I do not follow the day to day operations of the Canadian wheat board. They are certainly very active, and I am sure have been in consultation with Australia.

Mr. L. E. Cardiff (Huron): I should like to direct a question to the Minister of Trade and Commerce. Is it not true that the wheat board has been much more aggressive under the new government than it was under the old one?

Some hon. Members: Oh, oh.

Mr. Churchill: Very definitely.

Mr. Coldwell: May I ask a supplementary question. Are we to infer that the wheat board is governed by the stripe of government we have in power?

Mr. Churchill: I am sorry, but I did not hear the question.

Mr. Coldwell: From the Conservative whip's question are we to infer that the wheat board's activities are governed by the government we have in power in this country rather than by the interests of the wheat growers? I do not think that inference should be allowed to remain on the record, because it is incorrect.

Mr. Churchill: I do not think it was intended that such inference should be made.

Mr. Knowles (Winnipeg North Centre): What was the intention?

Inquiries of the Ministry

Mr. Speaker: Order. I do not think this question, which sounded more like a dialogue than a question, should be pursued by way of supplementary questions. It should not have been asked in the first place.

Mr. Lewry: May I ask the Minister of Trade and Commerce a question in view of his answer to my question in connection with the sale of Canadian wheat to Australia. In view of the fact that the Canadian government has already sent a delegation to buy from other countries, would they now consider sending a similar delegation to sell to other countries?

Mr. Churchill: We are quite prepared to sell at any time to other countries, and we have trade commissioners active in a great many countries throughout the world encouraging sales of Canadian products. The question of selling wheat to Australia is similar to offering Canadian wheat to the United States of America or to the Argentine, which are also great wheat producers. It seems to me that is in a somewhat different category.

Mr. Speaker: I think we have pursued far enough this morning sales of wheat to Australia. The next thing we know we will be carrying coals to Newcastle.

FREIGHT RATES

STATEMENT ON PROGRESS OF FREIGHT RATE EQUALIZATION INQUIRY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Assiniboia asked me a question regarding when it might be expected that the inquiry into the equalization of freight rates might be completed.

The board of transport commissioners has advised me as follows. The inquiry into the equalization of freight rates cannot be completed within a few months. The complicated freight rate structure of Canada includes millions of freight rates, and when the matter of equalization was before the parliamentary committee dealing with the proposed legislation, implementing recommendations of the Turgeon royal commission on transportation in 1951, evidence was given that it would take approximately five years to complete equalization. That estimate was in fact too low.

The board has proceeded to deal with the task of equalization as rapidly as possible, but since 1951 it has had a very heavy volume of work including a series of applications by the railways for freight rate increases.

The task of equalizing the "class" or maximum rates was accomplished and put into effect on March 1, 1955, and the board then proceeded to deal with the lower rates on various bulk commodities, some of which have been dealt with to a conclusion. The board issued an extensive judgment in respect of these commodities in September last, and is proceeding with further hearings as expeditiously as possible. It has set down for hearing at Vancouver on March 3 next the equalization of rates on fruits, vegetables and lumber and a further hearing at Kelowna on March 10, and hearings at Calgary and Regina later in March respecting rates on coal.

In addition, the board has ordered the railways to submit equalized scales on cement, pulpwood, wood pulp and paper articles on or before March 31. Seventy-eight other scales have been ordered for revision on or before June 30. There are, however, many more rates to be dealt with.

The board submitted an interim report on equalization to his excellency the governor general in council in March, 1955, and a further report dated September 23, 1957. These reports gave details of the board's activities in connection with equalization of freight rates and indicated what progress had been made.

[*Later:*]

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I wonder if I might ask a supplementary question concerning the equalization of freight rates. Could the minister inform the house as to when the board may be able to make another progress report representing another step forward? Second, is he able to ascertain what the board's target date is for completion of this very important inquiry?

Mr. Hees: Mr. Speaker, I will speak to the board and secure the further information sought by the hon. member.

Mr. Argue: I wonder if the minister—I am sure he would—will impress on the board the great importance of this inquiry and the necessity of having it completed as quickly as possible?

Mr. Hees: Mr. Speaker, the board have informed me that they are so impressed.

AIR TRANSPORT

STATEMENT ON PROVISION FOR FLIGHT ENGINEERS ON NEW JET TRANSPORTS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I would like to answer the questions asked yesterday by the hon. member for Kootenay East and the hon. member

for Winnipeg North Centre regarding a meeting held between representatives of my department and the association of flight engineers.

Representatives of the association of flight engineers met with officials of the civil aviation branch of my department last week to present a brief dealing with the carriage of flight engineers on the large commercial turbine-powered transport aircraft that will be coming into service in the next few years. This matter has been under investigation during the past several months by both my operating and engineering air officials and for this reason the brief was welcomed. Additional study and consultation with the air lines and aviation industry will be necessary before we reach a decision as to the requirements that should be established.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Minister of Transport. Has he ascertained whether it is correct that the DC-8's being built for Trans-Canada Air Lines are being built in such a way that there will not be room in the cockpit for a flight engineer? If this is the case will he consider having this change in construction delayed until a decision has been made on the issue itself?

Mr. Hees: Mr. Speaker, I have no indication that that is the case, but I will be glad to check on the matter for the hon. member.

STATEMENT ON INVESTIGATION INTO HELICOPTER CRASH

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Laurier asked me a supplementary question regarding the setting up of a board of inquiry to inquire into the very unfortunate crash of a helicopter last week. The technical board of inquiry into the accident to a departmental helicopter was set up in accordance with standard departmental practice in these matters, which provides for immediate technical investigation in these cases. The authority stems from the general authority vested in the minister under the Aeronautics Act and there are no special regulations dealing with this particular accident, although the general air regulations as approved by the governor in council, P.C. 1954/1821, and published in the *Canada Gazette*, with which the hon. member is doubtless familiar, contain certain sections relating to the reporting and investigation of accidents.

BUSINESS OF THE HOUSE

REQUESTS FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Hon. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, may I ask the Minister of Northern Affairs and National Resources if he would have a look at question 92, which has been on the order paper since October 29, and let me know at his convenience when he expects to give a reply?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): I shall look into that, Mr. Speaker.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, to correct my abysmal ignorance and because I like asking questions of ladies I should like to direct a question to the Secretary of State.

Mr. Fulton: Don't give her a superman task.

Mr. Herridge: Why has it taken from December 7 until today to decide that question No. 285 in my name requires to be made an order for return?

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, I am sure the hon. member knows that his questions are so profound that they necessarily take longer than most.

INQUIRY FOR RETURN

MONT TREMBLANT AND WASHINGTON CONFERENCES

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have a question for the Secretary of State. On November 27 the hon. lady moved to have a question of mine made an order for return, question No. 197. I have not yet seen that it has been tabled, and I wonder if she could tell me when that is likely to be done.

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, I shall inquire into it immediately.

LABOUR CONDITIONS

NON-OPERATING RAILWAY UNIONS—PROTEST OVER CONCILIATION BOARD CHAIRMAN

On the orders of the day:

Mr. Claude Ellis (Regina City): Mr. Speaker, I should like to direct a question to the Minister of Labour. What action has the government taken or does it intend to take with respect to protests made by the non-operating railroad unions on the appointment of Charles P. McTague as chairman of the conciliation board to deal with the dispute between the railroads and the non-operating unions?

Inquiries of the Ministry

Hon. Michael Starr (Minister of Labour): Mr. Speaker, this matter is under consideration and no decision has been reached as yet.

CONSTRUCTION AND IMPROVEMENT OF CAMP AND PICNIC AREAS TO PROVIDE EMPLOYMENT

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Comox-Alberni asked me a question about seaside parks for boating tourists, and I should like to make a reply at this time. The offer made to the provincial governments was for federal assistance toward the construction of camp grounds and picnic grounds. In the letter which was sent to the provincial premiers on January 2 it was made clear that these camp grounds and picnic grounds could be constructed at any point within the province, provided that the provincial government owned the land on which the developments were constructed.

The choice of location is, therefore, left to the good judgment of the provinces, and I have no doubt that any provincial government participating in the program would proceed with work on those developments which would be of maximum assistance to the tourist industry. There would be no objection on the part of the federal government if the government of the province of British Columbia decided that work should be done under the program toward the development of camp grounds or picnic grounds which would serve boating tourists.

CIVIL DEFENCE

MONTREAL—REQUEST FOR STATEMENT ON PRESENT POSITION

On the orders of the day:

Mr. Claude Richardson (St. Lawrence-St. George): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Having particularly in mind the electric power failure in Montreal last Monday evening, would the minister consider giving at an early date a statement in respect of civil defence in Montreal?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, as the hon. member possibly knows, civil defence has been most inactive in Montreal. I might mention that the deputy co-ordinator, General Hatton, had a recent conversation with Mayor Fournier of Montreal, taking into consideration all aspects of the matter.

[Mr. Ellis.]

DOMINION-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO REPORT OF ROYAL COMMISSION ON REVISION OF TERMS OF UNION

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, I should like to direct a question to the Minister of Finance. When does the government expect to receive the report of the royal commission on the revision of the terms of union between Newfoundland and Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have had no intimation recently as to when it is expected the report will be completed, but when the royal commission concluded its sittings two months ago the chairman indicated that they would prepare and submit their report as soon as possible.

SHIPPING

MAGDALEN ISLANDS—USE OF ICEBREAKERS TO KEEP NAVIGATION OPEN

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I should like to reply to a question asked me yesterday by the hon. member for Iles-de-la-Madeleine. Yesterday the hon. member referred to the statement I made in the house on November 7 regarding assistance to shipping the Department of Transport planned to extend this winter in the lower St. Lawrence by way of icebreaking, and mentioned that at that time he had asked if the work could be extended to the Magdalen islands. The hon. member added that he had not heard from me since then and suggested I should look up *Hansard* to refresh my memory.

I have done this and find that the hon. member did make such a request, but if he in turn will be good enough to look up *Hansard* he will find that I replied as follows:

> Plans for icebreaking in the lower St. Lawrence are now under consideration, but have not been put in final form as yet.

It seemed to me there was an implication in the hon. member's question yesterday that I had neglected to give him an answer, but it is quite clear from *Hansard* that there was no intimation on my part that there would be a further reply in the house. Perhaps I should add that the hon. member wrote me a letter dated November 7 reminding me of his question and expressing the hope that when the icebreaking services for the north shore were being organized the Magdalen islands would not be forgotten. He will recall that I acknowledged his letter under date of November 13, assuring him that I had taken

good note of his representations and that I would draw his request to the attention of my officials. This, of course, I did at that time.

Our icebreaking operations are carried out at the request of shipping companies, and we have as yet received no request for icebreaking this year in the vicinity of the Magdalen islands. When such requests are received from shipping companies we will meet them to the very best of our ability.

NATIONAL PARKS

GARIBALDI, B.C.—STATEMENT ON REQUEST FOR DEVELOPMENT

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, I should like to say a word or two in answer to the question asked yesterday by the hon. member for Burnaby-Coquitlam requesting the federal government to reopen negotiations with the government of British Columbia to make a national park out of Garibaldi park. Garibaldi park is provincial land, and it would hardly be proper for the federal government to make any suggestion to the government of British Columbia that the land be turned over to the federal government for use as a national park. If at any time the government of British Columbia wished to suggest such a step, the government of Canada would of course be prepared to give the proposal careful consideration.

GRAIN

WHEAT—CASH ADVANCES FOR FARMERS RENTING LAND

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce involving the repetition of a question I asked some time ago. I imagine that by this time he has had representations from farm organizations drawing his attention to the problem. Will the government consider amending either the cash advance legislation or the Canadian Wheat Board Act in such a way that farmers who rent land may be able to obtain cash advances on the acreage they cultivate?

Mr. Speaker: I am not certain whether that question should be asked. It seems to me that the house has already dealt with the matter of cash advances.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I say that I took up this matter with the minister, and he was good enough to say that if enough requests were made the matter would be reconsidered. With respect, I think the question should be allowed.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I may say that some representations have been made to me regarding the difficulty of renters getting landlords' signatures in order to make it possible for the renters to obtain cash advances. I pointed out in a communication to the hon. member for Rosetown-Biggar that I had not received many such protests, but naturally if difficulties are caused and hardships result we will have to give serious consideration to the problem. At the moment I am not sure how extensive the alleged hardship is or to what extent arrangements can be made at this time to ease the problem, but I am quite prepared to give it consideration.

Mr. Bryson: Has the minister had any representations from farm organizations in regard to this question?

Mr. Churchill: Not that I can recall. I have heard from individual farmers and perhaps some local has sent in a letter; but when you speak of farm organizations, I have not heard from the large farm organizations on this particular problem.

Mr. A. M. Nicholson (Mackenzie): I wonder if the minister received representations from the rural municipality of Porcupine setting out this problem? My attention has been drawn to a case where a death has taken place and the executors have refused to sign a release, so the farmer who is renting the land is not able to get a cash advance on his own property.

AIRPORTS

DRUMMONDVILLE, QUE.—REQUEST FOR FEDERAL GRANT

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Has the Minister of Transport received a request from the city of Drummondville for a grant to improve the airport? If so, is the minister in a position to give a favourable answer to this request, which I strongly support and which is anxiously desired by the entire population of Drummondville?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not yet received such a communication, but I shall keep an eye open for it.

Inquiries of the Ministry

PUBLIC SERVICE

REQUEST FOR STATEMENT ON DISMISSAL OF J. GEORGE NEUSPIEL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State. Is the hon. lady in a position to answer my question of yesterday regarding the case of Mr. J. George Neuspiel? In view of the fact that he has been reinstated without any impairment of his position, could we now be told what were the reasons for his dismissal?

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, this has been a most complicated problem, and the whole case and the policy involved is presently under review. I am sorry to say that I cannot make a statement until that review is completed.

HIGHWAYS

MACKENZIE HIGHWAY, N.W.T.—REQUEST FOR USE OF LOCAL EQUIPMENT AND MANPOWER

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I should like to direct a question to either the Minister of Northern Affairs and National Resources or the Minister of Public Works. Is it true that the department has invited bids on a cost-plus management fee basis for the clearing of the Mackenzie highway between Fort Providence and Fort Rae in the Northwest Territories? If so, will the minister see to it that all available local equipment and manpower will be utilized before either are brought in from the province of Alberta?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer to the first part of the question is yes. The answer to the second part of the question is that I shall have to take it under consideration because of the fact that we are trying to get this work started by January 15, which makes it imperative to move at high speed. I will take the matter up with the department to see what we can do. I want to assure the hon. member that one of the conditions of these tenders was that the government of Canada would have the choice as to the source of the labour supply.

Mr. Hardie: What about the supply of equipment?

Mr. Hamilton (Qu'Appelle): That is the part I have to take under consideration.

[Mr. Hees.]

FISHERIES

WEST COAST—REQUEST FOR BOUNTY OR FLOOR PRICE ON DOGFISH

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Has the Minister of Fisheries received representations from the fishermen's union on the Pacific coast or the fishing companies that the bounty on dogfish be reinstituted? If so, can he tell us when that bounty will be reinstituted?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, a question on this matter was asked in the house some time ago. I did receive a request from the united fishermen and allied workers' union that such a bounty should be reinstated. I then made a reply in the house to that effect and stated what the position was. As yet, at any rate, no further requests have been received.

PRAIRIE FARM ASSISTANCE

STATEMENT AS TO DATE OF PAYMENTS TO QUALIFYING FARMERS

On the orders of the day:

Mr. John Charlton (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, in reply to the question directed to the Acting Minister of Agriculture yesterday by the hon. member for Yorkton, I may say that at December 31 payments totalling $1,095,149 had been made to 4,231 farmers in western Canada under the Prairie Farm Assistance Act. It is expected that the balance of first payments will have been made before the end of this month except in the Peace river block. As hon. members are aware, severe weather conditions delayed harvesting in this area and also made inspection difficult. However, it is hoped to complete inspections within the next few weeks, and it is expected that first payments will be made in this area shortly thereafter.

HEALTH INSURANCE

INQUIRY AS TO PROGRESS IN CONCLUDING AGREEMENTS WITH PROVINCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Since the time the house recessed at Christmas, have any agreements been signed with any of the provinces under the provisions of the Hospital Insurance and Diagnostic Services Act, or have any other steps been taken to bring about an early implementation of that act?

Hon. J. W. Monteith (Minister of National Health and Welfare): No agreements have been signed, but further steps and correspondence have taken place between some provinces and the federal authorities.

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Could the minister say what steps have been taken? What are the steps to which he referred?

Mr. Monteith: Discussions as to clarification of the terms of the regulations.

Mr. Knowles (Winnipeg North Centre): May I ask the minister whether a decision has yet been made as to the date when the act will be brought into effect?

Mr. Monteith: No, Mr. Speaker.

POST OFFICE DEPARTMENT

BURLINGTON, ONT.—STATEMENT ON ALLEGED INFRINGEMENT OF MUNICIPAL BY-LAWS

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, yesterday the hon. member for Timmins asked the Postmaster General the following question which bounced off to me:

Is the minister aware that the postal department has been involved in the infringement of two municipal by-laws in Burlington, Ontario, in regard to rented premises, as to which it is reported charges are to be laid? If so, is he in a position now to give the house any details on this matter?

The answer is that the Department of Public Works in providing a total of 2,025 square feet of temporary basement rented space for the Post Office Department located at 208 and 210 Brant street in Burlington, Ontario. Leases have not been signed as yet, but departmental approval has been given.

To date there is no correspondence on record to the effect that charges are to be laid against the crown for the infringement of two municipal by-laws in Burlington. However, the district architect's office advised by telephone this morning that (a) the owners have infringed on the municipal by-laws to the effect that they neglected to take out a building permit when altering the premises for occupancy; (b) neglected at that time to instal an emergency exit to satisfy the fire regulations as laid down by the municipal by-laws. This is reported to have been done now to the satisfaction of all concerned.

It will be seen from the above that if there is any infringement of city by-laws, it is by the owner of the building and not by the department.

POWER

AUTHORIZATION OF LOAN OF $30 MILLION TO PROVINCE OF NEW BRUNSWICK

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the Minister of Finance to make loans, out of the consolidated revenue fund, to the government of New Brunswick, not exceeding thirty million dollars, in respect of expenditures for the development of hydro-electric power at Beechwood on the St. John river.

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

Mr. Fleming: Mr. Chairman, the bill to be founded on this resolution will authorize the government to make a loan to the government of New Brunswick in an amount not exceeding $30 million to cover the cost of constructing the Beechwood hydroelectric development on the St. John river.

May I remind the house that this resolution deals with a particular matter, that of assisting the province of New Brunswick in financing a specific and a very important project. There is another resolution on the order paper which my colleague the Minister of Northern Affairs and National Resources will be introducing very shortly—indeed, it is the next item of business following the present resolution—which deals with the broader questions of the generation of electrical energy in the Atlantic provinces. May I express the hope that in this debate hon. members will address their attention to this Beechwood financing problem and if I may so request, reserve their views on the more general power problems of the Atlantic provinces until the other resolution and bill are before us.

The development of the power potential of the St. John river is not a new idea. As far back as 1910 the international joint commission undertook certain studies of its potential power resources, and a hydro-electric plant was built at Grand Falls shortly after the first world war. This power plant is privately owned. In line with the policy adopted by other provinces, the government of New Brunswick has for many years followed the policy of developing electrical energy by public ownership through the New Brunswick electric power commission.

Some nine years ago, that is early in 1949, the then premier of New Brunswick, foreseeing the growing need for expanded sources of energy, asked the federal government to invite the United States to join with it in requesting the international joint commission to make more detailed studies of the St. John river basin. In due course this work was

undertaken, and in 1953 the New Brunswick government came to the conclusion that a power development at Beechwood offered the best prospect of a substantial and economical addition to the province's power supplies.

This development, however, required a very substantial capital investment, an investment which in the opinion of the New Brunswick government when added to other essential capital requirements of the province, exceeded the probable capacity of the province to raise funds in the ordinary capital market.

In March and April, 1953, and again in September and October, 1953, Premier Flemming of New Brunswick requested the federal government to assist in financing power development in his province. Numerous meetings between ministers and officials of the two governments were held and various projects and forms of assistance were put forward, but the final result was a rejection by the federal government in February, 1954.

Toward the end of 1954, with the need for increased sources of power becoming more and more urgent, the premier of New Brunswick renewed his request for financial assistance and the federal government again declined to participate. The government of New Brunswick felt, however, that the need for more power was so insistent that they had to go ahead with the Beechwood project, and in June 1955, construction work was commenced and pressed forward and the plant is now substantially completed.

The immediate financing costs were met by bank loans, but throughout 1956 Premier Flemming repeated his requests for federal assistance in making long-term financial arrangements, either by a direct long-term loan or by guaranteeing the bonds of the New Brunswick electric power commission. The federal government of the day once more declined these requests, and there matters stood until after June 10.

Hon. members who sat in the previous parliament and others who have read the record will recall that those who constitute the present government and those associated with them never accepted the decisions of the former government as sound, and as soon as the present government took office it undertook to review the Beechwood situation, quite apart from the general problem of the energy resources of the Atlantic provinces.

This review proceeded rapidly, and early in November we were happy to reach an agreement with the government of New Brunswick on this subject. The terms of the agreement which we are now asking parliament to approve contemplate a federal loan to the province of New Brunswick covering the total cost of Beechwood, not exceeding the sum of $30 million. The rate of interest will be the rate at which the federal government normally advances funds to crown companies such as the St. Lawrence Seaway authority. This rate is our own current borrowing cost plus one-eighth of one per cent. The past practice has been to adjust this rate semi-annually on October 1 and April 1. The appropriate rate at the time we negotiated this agreement with New Brunswick was 4⅜ per cent.

However, as hon. members are aware, the rates at which the federal government has been borrowing money have dropped since that date. Since it will be some weeks before the government of New Brunswick will be able to certify the full cost of the Beechwood project, I understand that the government of New Brunswick will not draw down the loan before April 1. The bill will therefore provide that the rate of interest be fixed by the governor in council, but at a rate not higher than 4⅜ per cent.

The loan is to be repaid in eight equal annual instalments of principal and interest combined. The present estimate of the final cost of Beechwood is approximately $29,400,000. In essence this resolution and the bill to be based upon it are designed to help New Brunswick over a difficult financing problem. New Brunswick is a relatively small province. It has been doing all in its power to help itself, but I think all hon. members will realize that during the past year or two it would have been quite impossible for a province of New Brunswick's size and resources to have placed an additional $30 million issue on the capital market.

The government of New Brunswick is satisfied and the dominion government is satisfied that the repayment of this loan under the terms of this agreement is quite feasible. The revenues available from Beechwood will make some contribution toward the repayment, and the balance of repayment can be raised by periodic sales of long-term bonds by the province or by the power commission in blocks of manageable size during the next eight years.

The government has subscribed to the principle of special economic assistance to the Atlantic provinces. This resolution represents an important part of the government's implementation of this policy. This proposal also fits in with the government's policy of co-operating with the provinces in the sound development of their natural resources where such development appears to be in the national interest, and where the provinces' financial capacities are inadequate.

The particular form of co-operation will vary with the circumstances. In this case the proposal covered by this resolution appears, both to this government and to the government of New Brunswick, to be the most appropriate means.

May I say, Mr. Chairman, that the bill which the resolution seeks leave to introduce is very short,—consisting of about 10 lines. It simply states in bill form the terms of the resolution. If it meets with the approval of hon. members when the resolution is adopted the bill should be circulated at once; and if it were the wish of hon. members to proceed with discussion of the motion for second reading of the bill today, the government would be happy to proceed on that expeditious basis.

Mr. Lesage: Mr. Chairman, I do not know if it will be possible to grant the request of the Minister of Finance to proceed with second reading of the bill later today. It will depend upon the answers I get to a number of questions I intend to ask at this time.

The Minister of Finance has just said that the government of which he is a member has subscribed to the principle of special economic assistance to the Atlantic provinces. This is nothing new; the previous government subscribed a long time ago to that principle and has given evidence of its good faith in the matter. The Minister of Finance in his short resume has tried to convey the impression that the government of which he is a member is now doing something which the previous government had refused to do—

Some hon. Members: Hear, hear.

Mr. Lesage: —which is not the case, as I will show very clearly when I go in more detail over the history of Beechwood.

An hon. Member: Did you bring some department files with you?

Mr. Lesage: I have some sessional papers, and whenever you want to talk about departmental files I am ready for you. However, I am going to quote from these sessional papers, which will prove that the previous government never received the kind of request from the government of New Brunswick for assistance in respect to Beechwood with the conditions outlined by the Prime Minister the other day and by the Minister of Finance today.

On April 27, 1953, the government of New Brunswick presented to the government of Canada a brief on the need for financial assistance to develop the hydroelectric power resources of the St. John river. The request of the government of New Brunswick was outlined on pages 5 and 6 of the brief as follows:

That the federal government advance to the province of New Brunswick the cost of developing the Beechwood hydroelectric power generating station, with projects incidental thereto. Estimated cost to 1960, $44,400,000.

Which is much more than $30 million.

That the funds be interest free or, if this should prove to be impossible, that the interest rate be 2½ per cent and interest free during construction.

And finally:

That repayments be made at the rate of 1.5 per cent of the principal amount each year,—

That is a 66-year period, not an 8-year period.

—the first payment to be due one year after the completion of the particular project for which the money was advanced.

The government of New Brunswick then projected the following development for Beechwood, and I will quote from page 3 of the brief:

The initial installation at Beechwood would be two 45,000 H.P. units, which is feasible on a run of river basis. The second step would be the development of 600,000 acre feet of storage in the upper reaches of the river. The completion of this storage development would be followed by the installation of a third unit at Beechwood together with the necessary transmission facilities.

The estimate of the cost of the two first units was at that time $24,200,000. Between 1953 and 1955 the program of the government of New Brunswick was amended, substantially changed, and in January, 1956, the government of New Brunswick presented a new brief to the government of Canada on the need for federal financial assistance for the development of electric power. The proposals of the New Brunswick government can be found on pages 16 and 17 of the brief, and I quote:

The government of New Brunswick urges that the government of Canada assist it in developing the electric generating capacity which will be required for a rapidly expanding New Brunswick economy. It requests the federal government to consider the following alternative proposals:

(1) The government of Canada to advance to the government of New Brunswick the necessary capital for the development of the hydro power of the St. John river basin. The rate of interest to be that prevailing on long term government of Canada bonds. Funds to be advanced for each project as they are required for the load of the New Brunswick electric power commission, and as it proves to be economically feasible as compared with alternative sources of power.

The estimate of the funds which would be required up to March 31, 1967, is $89,850,000.

The alternative to that proposal was the following:

The government of Canada to advance to the government of New Brunswick the funds required

for the projected construction program of the New Brunswick electric power commission through to March 31, 1967, the rate of interest to be that prevailing on long term government of Canada bonds. Funds required are estimated at $211,094,000.

In the second brief there was no direct proposal as to the annual rate of capital reimbursement, but the rate of depreciation was the same as in the first brief, 1.5 per cent a year over a period of 66 years.

Mr. Brooks: May I ask the hon. member a question? In the first brief did not Premier Flemming state that "the above", namely the 1.5 per cent repayment and the term of payment "has been set down on a basis for discussion only, and of course we will be glad to consider financial assistance in any form possible by your government"? That was the statement he made.

Mr. Lesage: On what page of the brief was that?

Mr. Brooks: It was not in the brief. It was in a letter to the Prime Minister of Canada sent with the brief.

Mr. Lesage: At that time?

Mr. Brooks: At that time.

Mr. Lesage: What was the date of that letter?

Mr. Brooks: The date was in September, 1953, the same year as the brief.

Mr. Lesage: Would the minister be willing to table that letter?

Mr. Brooks: Well, I am sure the hon. member has the letter.

Mr. Lesage: I do not have the letter.

Mr. Van Horne: He has it. He has them all, he said.

Mr. Lesage: I never said I had all letters. That is contrary to the facts, and the hon. member for Restigouche-Madawaska had much better study his own problems than try to smear hon. members of this house.

Mr. Van Horne: Did the hon. member not say in this house time after time that the reason for refusing help for Beechwood was that New Brunswick was sufficiently well off as not to warrant assistance from the federal government?

An hon. Member: Why don't you attend a session of parliament occasionally?

Mr. Van Horne: Now you are trying to whitewash your own inactivity.

Mr. Brooks: The date of that letter, since the hon. member asked for it, is September 11, 1953, and it is directed to Right Hon. Louis St. Laurent, Prime Minister of Canada, from the premier of New Brunswick, Hon. Hugh John Flemming.

Mr. Lesage: Would the minister be prepared to table that letter?

Mr. Brooks: Yes.

Mr. Lesage: The hon. gentleman knows that in 1956, as I said, the estimate of the cost of the two first units at Beechwood had risen to $29,200,000. The construction program of the power commission according to both briefs, was based on providing storage in the upper reaches of the St. John river and its tributaries, and the installation of a third unit in Beechwood.

As time went on the possibilities of such storage were examined. It was not possible to reach an agreement with the province of Quebec or the state of Maine to have storage in either territory. A survey was made of the possibilities of storage on the Tobique river in New Brunswick at the ledges. On March 14 of this year the premier of New Brunswick sent me a report which he had received from the New Brunswick electric power commission, and I wish to quote the following from the report:

With an interest rate of 3.5 per cent the total estimated annual cost of the Ledges site would be $321,750 as compared with a total annual benefit of $320,500. It must be noted of course that practically all the annual cost of a storage project is the carrying charges on the capital investment.

Until cheaper money is available than is now the case, or until the shape of the load duration curve of the commission changes from that which is anticipated by 1959 to 1960, it will be necessary to alter the long-range program of the commission by excluding storage facilities, which are predominately dependent upon investment charges in their annual cost structure, and which will not produce required capacity at a cheaper cost than equivalent thermal generation. It would seem that this observation would be applicable to any of the St. John river storages unless interest rates on capital required for their construction was considerably reduced.

Mr. Van Horne: Would the hon. member permit a question? Is he now trying to deny that the answer given on each and every occasion when an appeal was made for help for Beechwood was that New Brunswick was sufficiently well off as not to warrant a loan from the federal government for the project?

Mr. Lesage: If the hon. member will quietly and patiently listen to what I have to say and to the details I am putting on *Hansard* he will understand, if he uses his intelligence.

Mr. Van Horne: Will the hon. member permit another question? I am asking him very simply if he is trying to make some excuse now for forgetting what was said in this house, when time after time he himself gave

the answer that the only reason help was refused for Beechwood was that New Brunswick did not require any help.

Mr. Lesage: The previous government never refused a loan to the province of New Brunswick for the Beechwood project on the terms which are offered by the present government.

Mr. Morris: Mr. Chairman—

An hon. Member: Sit down.

Mr. Lesage: I hope, Mr. Chairman, that my time will not be cut short.

Mr. Morris: My patient consideration of the hon. member's remarks will be assisted if he will kindly inform us as to the date of the letter he has just read in part and also the full salutation; whether it was addressed to him as a private member or in his former capacity as minister.

Mr. Lesage: What was the last part of that question?

Mr. Morris: I simply asked for information. I wish to know the date of the letter and whether it was addressed to the hon. member in his private capacity as a government supporter or in his previous political capacity.

Mr. Stick: If you listen to the speech you will get your information.

Mr. Byrne: Keep quiet and you will get the information.

Mr. MacEachen: Stand up.

Mr. Lesage: This is a copy of a report by the New Brunswick electric power commission signed by Mr. J. L. Feeney, chief engineer, and addressed to Hon. Edgar Fournier, chairman of the New Brunswick electric power commission. It was sent by Mr. Fournier to Mr. Flemming on March 11 and was sent to me by Mr. Flemming on March 14. This was tabled as sessional paper No. 213 on Tuesday, April 9, 1957, on motion of the hon. member for Gloucester.

Mr. Morris: I thank the hon. member for that information.

Mr. Murphy (Westmorland): Now, would you like to know about unemployment in Halifax?

Mr. Morris: I would be delighted to know about it any time.

Mr. Murphy (Westmorland): I do not imagine you know what is going on down there at any time.

Mr. Lesage: Since water storage was not possible at that time to firm up the power at Beechwood, thermal plants would eventually have had to be used for that purpose. The previous government would not only have financed but would have built such thermal installations.

It will have been noted that the demands of the government of New Brunswick to the previous government in 1953 were for nearly $45 million without interest or with a maximum interest of 2½ per cent at the highest, and in 1956 for loans of either $90 million or $211 million, reimbursable over a period of 66 years.

Mr. Brooks: But the point that was brought out at that time, as the hon. member for Restigouche-Madawaska stated very well, was that the federal government took the attitude that no matter what the provincial government asked for the province was capable of paying the cost. That is exactly what the federal government was saying.

Mr. Chevrier: Mr. Chairman, on a point of order, I suggest to you with deference that we should have some order in this committee in the discussion of the matter that is now before us.

Mr. Stuart (Charlotte): Not closure.

Mr. Chevrier: It is the privilege of any hon. member in this committee to rise and ask the hon. member who is speaking for permission to ask a question, but that has not been done. The hon. members who have interrupted have not asked permission but have proceeded to make speeches, and I think that is contrary to the rules of the house.

Mr. Van Horne: I asked permission.

Mr. Chevrier: The minister has also proceeded in that manner.

Mr. Brooks: I must object to that.

Mr. Pickersgill: Sit down. This is a point of order.

Mr. Chevrier: I submit to you with deference, sir, that this debate should be allowed to continue in the ordinary and normal manner.

Mr. Brooks: On the point of order, Mr. Chairman, I definitely asked the hon. member—

Mr. Pickersgill: But you did not ask a question.

Mr. Brooks: Yes, I asked a question.

Mr. Van Horne: So did I.

Mr. Brooks: I asked permission and obtained it from the hon. member by his sitting down at the time. I do not know about the others.

Mr. Van Horne: So did we all.

Mr. Knowles (Winnipeg North Centre): We are in committee of the whole, where members can speak as often as they want for 30 minutes at a time, so what is all the fuss about?

Mr. Stick: The interruptions that have occurred.

Mr. Knowles (Winnipeg North Centre): Start in again and take 30 minutes.

Mr. Lesage: Perhaps, Mr. Chairman, if I were to leave the past history and come to the present resolution it might have the effect of quieting the spirits and minds of hon. gentlemen on the other side.

Mr. MacEwan: It is doubtful.

Mr. Lesage: The loan proposed by this resolution is for a maximum of $30 million at 4⅜ per cent interest, or whatever lesser amount it might be on April 1. Repayments, instead of being made at 1.5 per cent of the principal amount each year—that is, as I said earlier over a period of 66 years,—will have to be made in eight years in equal instalments of combined principal and interest of approximately $4,500,000, according to the statement of the Prime Minister and the one made by the Minister of Finance today.

I wish to come back to what the Prime Minister had to say in reply to questions asked by my colleague the hon. member for Bonavista-Twillingate, as recorded at page 1405 of *Hansard* of November 22, 1957. The first part of the question read as follows:

1. Are loans based on the principle applied to the Beechwood project to be available only for projects in the Atlantic provinces?

The answer was no. The second part of the question read:

2. If not, will all provinces qualify?

The answer given was as follows:

The answer is that any province that has a project for which there is an equally good case could qualify in respect of that project.

That means, surely, that the Prime Minister and his colleagues have deemed that the government of New Brunswick has made a good case for the financing of Beechwood by the federal government. Of course the interruptions I have had since the beginning of my remarks prove without doubt that not only members of the government but members of the Conservative party are convinced that a good case has been made. I would like the Minister of Finance or the Minister of Northern Affairs and National Resources to outline to the committee the factors that were considered by the government in reaching the decision that this is a good case. This is important not only in the present instance but also in other cases for determining future guidance and policy.

Surely one of the most important factors must be the cost of power to the consumers. Of course there will be a reduction, though we do not know what kind of reduction. I would like the minister to tell the committee what will be the reduction which will benefit the consumers because of this loan. I would also like to know what will be the cost of energy from Beechwood, the first two units, delivered to load centre substations in mills per kilowatt hour.

On January 3 of this year the Minister of Northern Affairs and National Resources answered a somewhat similar question asked by the hon. member for Inverness-Richmond. The answer of the minister as recorded at page 2831 of *Hansard* of that date was as follows:

1. Assuming a production of 300 million k.w.h. annually and a borrowing rate of 6 per cent on the $29 million, the cost of power produced by the present Beechwood plant would be of the order of 7 to 7.5 mills per k.w.h.

One matter to which I wish to draw the attention of the Minister of Northern Affairs and National Resources immediately is that he used the figure 300 million kilowatt hours which would be sold, of course, whereas in the second brief presented to me in 1956 by the premier of New Brunswick, as found at page 34, the following figure was used.

The average annual kilowatt hours available—355 million.

In a dry year, as the minister knows very well, this would be very substantially decreased. I do not understand why the figure 300 million kilowatt hours annually would have been used by the minister, so basing his answer on a load factor of about 85 per cent, when the report of Montreal Engineering tabled in the house by the Minister of Northern Affairs and National Resources on November 14, I believe, mentioned an average load factor for the maritimes of 50 per cent.

I should like the Minister of Northern Affairs and National Resources to revise his figures by using the real figures which should be the basis of the calculations, that is to say an average of approximately 180 million kilowatt hours in a year. The second part of his answer to the hon. member for Inverness-Richmond, based on the figure of 300 million kilowatt hours—

Mr. Fleming: Does my hon. friend not think that the questions he is pursuing now could be asked to better advantage on the second resolution rather than on the present one?

Mr. Lesage: No, I am talking about the cost of power at Beechwood. I am talking about the output of the first two units at Beechwood, and it is only with respect to the first two units that the loan of $29 million to $30 million is proposed. I am not talking at all about the other resolution which has to do with the establishment of thermal plants and transmission lines for interconnecting purposes in the Atlantic provinces. I am dealing strictly with the two units at Beechwood, and the output of 300 million kilowatt hours applies only to the first two units. My remarks bear only on the Beechwood project. The second part of the answer was:

This cost could be reduced by approximately 1.2 mills per k.w.h. by loans from the federal government at a lower interest rate.

First of all, I believe that 1.2 mills is too high because of the reason I have just given, as to the load factor. There is also another reason. It would seem that the federal rate has been used for the whole depreciation period, while it should have been used only for eight years. After the period of eight years the province will have to supply the money at its own rate of interest, so the federal rate of interest should not be used as a basis for calculation of depreciation for the whole period of depreciation but only for the eight years.

I should like to ask the Minister of Northern Affairs and National Resources to request his officials, between now and second reading of the bill, to make the calculations again and prepare an answer to the question of the hon. member for Inverness-Richmond based on the true facts, that is to say the federal rate of interest only for eight years and an annual use or sale of 180 million kilowatt hours which, according to the report of Montreal Engineering, would be the average use in a year.

Mr. Hamilton (Qu'Appelle): Did you use the figure of 30 years?

Mr. Lesage: I did not use any such figure.

Mr. Hamilton (Qu'Appelle): No, but did you ask me to use 30 years?

Mr. Lesage: No. This is not thermal plants or transmission lines. There is no doubt that the depreciation period on water power installations is much longer than on thermal plants.

Mr. Hamilton (Qu'Appelle): What time do you suggest?

Mr. Lesage: I suggest the time suggested by the government of New Brunswick, 66 years at 1.5 per cent per year.

While I am dealing with the cost of the power to be produced at Beechwood I should like to ask the minister what his opinion is as to the economics of the problem. For instance, how will the cost of energy from Beechwood compare with that of energy to be developed through the large modern thermal plants to be built under government policy, taking into account the difference in the depreciation period between the two, the load factor and also what I am about to say? Without storage facilities, to which I referred a few moments ago, the two Beechwood units will be operated on a run of the river basis. Yet the flow of the Saint John river varies greatly from season to season. To what extent will the annual curve of production of power coincide with the curve in the load factor?

That is very important in determining the economics of any project. Surely the peak of power generation at Beechwood does not occur at the same time as the peak load. In order to know if this is really as good a case as was put forward by the Prime Minister, we should have some information as to how much it will cost to build and operate the thermal plants which will be necessary to meet the load at all times of the year.

Mr. Brooks: Your government said it was a good proposition.

Mr. Lesage: Yes, but I want to know about the economics. I want to know what will be the cost of power from Beechwood to the consumers of New Brunswick. I have here all the calculations of cost based on the proposals of New Brunswick, but I do not have the calculations of cost based on the conditions of the loan put forward by the Minister of Finance now, which are completely different; and I am not an engineer.

Mr. Brooks: That is quite evident.

Mr. Lesage: I have to rely on the figures I find in documents in this house. I should like to know how much power will be lost at the time of peak flow. I submit that the committee is entitled to a full and detailed report on the economics of the Beechwood project in the light of the proposal made in the resolution.

Before resuming my seat I wish to refer to a statement made by the Minister of Agriculture on November 20 in his capacity as Acting Minister of Northern Affairs and National Resources. I thought it was to be found on page 1333 of *Hansard* of November 20, but I cannot find the quotation. The minister said, in any event, that the first two units of the Beechwood project were 90 per cent completed at that time. To return to the question I mentioned a few moments ago, asked

by the hon. member for Bonavista-Twillingate, part 4 of that question, as found at page 1405 of *Hansard* of November 22, was in these words:

Are such loans—

Similar loans as in the case of Beechwood.

—available only for new or uncompleted projects or will they be available for refunding obligations of established power projects in the Atlantic provinces?

At that time the Prime Minister answered that they would not be available for refunding obligations. I should like to know how much of this loan will be available to New Brunswick for refunding, that is to say how much of the project will have been completed on April 1 when the government advances the first money on the loan? How much will be for refunding purposes?

Mr. Fleming: All the project will have been completed, because the resolution assumes that the cost will have to be ascertained. As I mentioned in my statement this morning, that is expected to be known shortly and it is at that time that the province will take down the loan.

Mr. Lesage: Therefore I have to conclude that the whole of the loan will be for refunding purposes.

Mr. Fleming: No, not for refunding at all.

Mr. Pickersgill: Where does the money come from in the meantime?

Mr. Fleming: The obligations incurred by the province of New Brunswick—

Mr. Lesage: Will be refunded.

Mr. Fleming: No, they have not been funded. That is not the state of these obligations at the present time.

Mr. Lesage: So we should interpret the answer of the Prime Minister to the hon. member for Bonavista-Twillingate in the light of the statement of the Minister of Finance now that reimbursing a bank is not refunding.

Mr. Fleming: Refunding has a very definite and well accepted meaning, and I think my hon. friend is aware of it.

Mr. Pickersgill: I do not have the hon. gentleman's advantage, so perhaps the Minister of Finance would define it for me.

The Chairman: The hon. member for Peace River.

Mr. Pickersgill: My question was a serious one, Mr. Chairman.

Mr. Fleming: Very well; I shall deal with these questions in due course.

[Mr. Lesage.]

Mr. Low: I listened with keen interest to the short statement made by the minister in introducing this resolution. I have listened also with very keen interest to the statement made by the hon. member for Montmagny-L'Islet. He very properly raised the questions he did concerning the soundness of this proposition. After all, if we are to be fair all around with our provinces and with the money that properly belongs to the people of Canada, we must know that when advances are to be made out of the consolidated revenue fund the proposition is sound, and there is a good chance that the province to which the loan is made will be able to pay it back.

I have listed a number of questions which were asked by the hon. member for Montmagny-L'Islet, and I will repeat them and ask the ministers concerned, before the second reading of the bill, to give us answers to these questions. In the first place, let me assure the minister and the committee that we believe that at times it is necessary for the federal treasury to come to the assistance of provinces in order to ensure the proper development of the resources of those provinces. We do know that the province of New Brunswick has had a depressed economy for some years; that has been quite clear. They have required help, and there is no doubt about that. We have been, in our group, sympathetic to whatever help could be granted to New Brunswick so they could get a proper development; because we realize that unless they have power down there, and sufficient power, they cannot proceed to industrialize to any degree.

One of the things they need above all others is industry in order to ensure employment for their people and the fullest measure of development of their resources. We know also, of course, that New Brunswick has had to operate on a comparatively small budget every year. When you compare it with the budgets of some other provinces of Canada it looks almost infinitesimal. How in the world they carry on with that small amount of money is sometimes a mystery. However, they do. I say we must be sympathetic to their requests for whatever help can be granted. Under the circumstances of confederation and what confederation did to the Atlantic provinces, including New Brunswick, I believe the government of Canada owes them some assistance; that is the position we take.

Having said that, the question arises in my mind as to whether Beechwood is the kind of project that ought to be proceeded with in preference, let us say, to thermal power development units that have been projected

there for some years and which could use the abundant shales that are in the province. We have heard about these shales for years. Nobody, to my knowledge, has been able to obtain all the facts for the house regarding these shales and whether it would be possible to develop enough power for the needs of the people of New Brunswick through the use of these shales in thermal power units.

Mr. Fleming: I wonder if the hon. member would permit me to interrupt. I take it he is aware of the fact that this Beechwood project is in being, and it is not now a case of an alternative choice between it and some other power development.

Mr. Brooks: I wonder if I might bring everybody up to date. Beechwood has been in operation now for three weeks, and is supplying power.

Mr. Low: I understand that, but we are still considering—

Mr. Lesage: Is it not a trial run?

Mr. Brooks: It is supplying power now.

Mr. Knowles (Winnipeg North Centre): Does anybody know what the situation is?

Mr. Low: In any event, we know the Beechwood project has been completed and is in operation. However, I am also mindful of the fact that we are being asked in this parliament today to give favourable consideration to a loan from the consolidated revenue fund of this country in the amount of $30 million in order to refund to the province, or to the banks who have financed the project thus far, the moneys they have advanced. We do feel, therefore, that we are entitled to the facts, and all the facts. Along with the hon. member for Montmagny-L'Islet I should like to know if sufficient investigation has been carried out to ascertain whether or not the amount of power available through the Beechwood project is such as to justify the cost. That certainly is important and fundamental.

Have careful inquiries been made to find out whether the possible amount of power available to the people through Beechwood not only would justify the cost but would be equal to what they could provide through thermal units at a similar cost? It seems to me that is fundamental to this whole case. It seems to me that we ought to have also the actual cost of the development of power reduced to mills based on realistic load factors, and not this basis of 85 per cent or 90 per cent. If a realistic load factor is, let us say, 55 per cent or 50 per cent, then we should have a break-down of the actual cost in mills of the development of that power based on that figure. Certainly there is a tremendous spread between the estimated 300 million kilowatt hours annually at a cost of 7 mills per kilowatt hour and, let us say, 180 million kilowatt hours per year at a much greater cost. I think the minister ought to be able to give us these figures and, perhaps before we go on too far with the bill, to present this break-down to us.

Now, provided it is a sound project and can be justified, certainly I would be putting no stumbling block in the way of this loan to New Brunswick. After all is said and done, we want to see the fullest measure of development of the resources within the provinces. New Brunswick is one of the provinces that need assistance, and in order that we can give them that assistance I believe the minister ought to give us the facts requested by the hon. member for Montmagny-L'Islet.

Mr. Stuart (Charlotte): Mr. Chairman, all the members from New Brunswick have been waiting for some time for this matter to come before the house in order to express their views. It is quite apparent also that there has been quite a bit of heat generated as the result of members on one side of the house not agreeing with those on the other side. I believe this matter has been a political football for a long, long time. I believe the facts should be brought to light, and I hope in my humble way to be able to do that very thing.

I am going back a little in the history of power development in New Brunswick. A major part of the electric power development in New Brunswick has taken place within my memory; in fact in my own home town of St. Andrews we have only enjoyed this necessary service since 1920. In that year a little company composed of citizens of that town was formed, electrical energy was purchased from the Canadian Pacific Railway through their facilities at the Algonquin hotel. It was steam-generated power. We paid for that service in the little town from which I come at 16 cents per kilowatt hour plus a $1 a month service charge. We also found it necessary to pay for the meter that measured the energy.

That was my first experience with the cost of electrical energy in the province of New Brunswick. After two or three years it was determined that some cheaper source of power must be found, and for a few years we were serviced from the Canadian Cotton Mills in Milltown. That power was sent over the St. Croix river by an underwater cable to St. Andrews and we were serviced in that way. Later on it was taken over by the New Brunswick power commission.

Beechwood Power Project Loan

The first development we enjoyed in New Brunswick in so far as water power is concerned took place at Musquash in Saint John county. That was a very successful development. It has been in operation, I would say, for 27 or 28 years. It has been a great convenience and has meant a great deal to the people of the province of New Brunswick. That project was sponsored and built by a Liberal government for this purpose. They wanted to be able to provide electrical energy for the citizens of our province at cost. As I have pointed out, prior to that time the cost of electrical energy in that province was prohibitive. There were many appliances we wished to have in our homes but which we just could not have on account of the cost of energy.

That same government, namely the Liberal government, went ahead with plans for a much larger development at Grand Falls, which is well known to the Liberal members of this house here. There is no doubt in my mind that Grand Falls was the greatest water development in the maritime provinces. Arrangements and agreements had been completed with the province of Quebec and the state of Maine for storage facilities away back in 1925. With those storage facilities we could have produced 300,000 horsepower at Grand Falls, much more power than is being developed at Beechwood.

Tenders had been called to go ahead with the work prior to the election of 1925. When the election came the Liberal government was defeated, and the late J. B. M. Baxter formed a Tory government in our province. What happened? He immediately withdrew those tenders that had been called, and sold our birthright at Grand Falls to the Gatineau Power Company.

Mr. Brooks: That is just nonsense, and you know it.

Mr. Stuart (Charlotte): My hon. friend who says that is just nonsense was a member of the government when this was done. If Beechwood is such a wonderful idea for New Brunswick today, why was not Grand Falls in 1925?

Mr. Brooks: The only large industry we have had in New Brunswick came as a result of Grand Falls.

Mr. Stuart (Charlotte): I did not intend to get rough here today, but if there is too much interruption there are a good many things I can put on the record in connection with Beechwood that I think my hon. friends do not want me to put on.

Mr. Brooks: Go ahead.

Mr. Stuart (Charlotte): If I am needled I will put them on the record. The hon. gentleman who interrupted me was a member of the government of New Brunswick in 1925 when they sold our birthright which would have provided twice the power that we can ever hope to get from Beechwood. It could have been developed then for $10 million. That was the estimated cost at that time, $10 million for 300,000 horsepower. But our Tory premier, the late J. B. M. Baxter, sold it to the Gatineau Power Company. We had no development in the way of power during the time the Conservative government was in power. No effort was made to develop power. In 1935 we changed that government, and from that time until 1952 there was a great improvement.

Mr. Bell (Saint John-Albert): What a joke.

Mr. Stuart (Charlotte): Let me tell my friend the hon. member for Saint John-Albert that his friends who have supported him over the years in Saint John took every ounce they could take out of the Saint John people for years and years in the cost of electricity, until the Liberal government took over the provision of electrical energy to the city of Saint John. If he does not know that I can tell him now. I could give him the names of those who for years bled the people of his own city blind and dry with the cost of electrical energy. It was a Liberal government that took over in Saint John city to get the people from underneath that load.

Mr. Bell (Saint John-Albert): On a question of privilege, Mr. Chairman, may I say that the facilities in Saint John city are owned by the Saint John civic hydro commission, which has no connection whatsoever with the provincial government.

Mr. Stuart (Charlotte): I do not question that; but until the New Brunswick hydro electric commission took over, their rates remained up in Saint John.

Mr. Bell (Saint John-Albert): Just a moment ago you said the Liberal government took over the facilities in Saint John.

Mr. Stuart (Charlotte): They set the rate. You were being robbed and they set the rate for you, which is a well known fact all over the province of New Brunswick.

There has been one problem for all Liberal members from New Brunswick in this house. They have been accused of being greatly opposed to the Beechwood project. I have expressed my views on other occasions, and I hope to be able to express them here today. There is a misunderstanding so far as the difference of opinion is concerned. I am going right back now to 1952, which was the year the government of New Brunswick was changed and Hon. Hugh John Flemming

became premier. In the budget debate of that year just prior to the election Hon. J. B. M. Baxter had this to say and I want to put this on the record to show to what degree the Liberals in New Brunswick have always felt that storage rights meant a great deal to this development on the Saint John river. This is our friend Premier McNair—

Mr. Bell (Saint John-Albert): Excuse me again, but the hon. member just said that J. B. M. Baxter said something in 1952 and he died in 1946.

Mr. Stuart (Charlotte): I did not say anything of the kind. I said that in 1926 he sold our birthright.

Mr. Knowles (Winnipeg North Centre): Many Tories speak after they are dead.

Mr. Stuart (Charlotte): It was in 1926 that Baxter sold our birthright. If I made any mistakes about the date I will correct it now. Speaking in the budget debate in 1952, this is what J. B. McNair had to say.

An hon. Member: One o'clock.

Mr. Cardiff: The hon. member will speak better on a full stomach.

Mr. Stuart (Charlotte): I do not know about a full stomach, but if my hon. friend would sit and listen and not to try to apply Tory closure we might get on with this debate in an orderly way.

Mr. Cardiff: I was not trying to apply closure.

Mr. Stuart (Charlotte): This Tory closure does not affect me. I am going to say what I want to say whether you like it or not. You might as well sit still and take it as sit there yakking for an hour or an hour and a half.

An hon. Member: One o'clock.

Mr. Stuart (Charlotte): May I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Stuart (Charlotte): Mr. Chairman, in speaking before one o'clock there were two statements I made which were, I know, believed to be incorrect by two hon. members sitting on the other side of the house. I referred to the New Brunswick hydroelectric power commission taking over the electrical system in Saint John city. I have checked since I left the chamber at one o'clock, and I find that the New Brunswick electric power commission did take over what is known as the New Brunswick power company, the producing company in Saint John, and today only that producing company distributes power. It is owned and controlled by the New Brunswick electrical power commission.

I also stated that between 1930 and 1935 no improvements had been made in the way of power development in New Brunswick. I find that during that period one plant was built at Minto, New Brunswick in 1933, and I also find that the highest cost power produced in New Brunswick comes from that plant. The latest figure I have is 22 mills.

I stated earlier today that those who sit on this side of the house and who come from New Brunswick have always maintained and still maintain that Beechwood would never provide a stable source of power until storage rights had been secured. This stand that has been taken over the years was based on information which we were able to obtain from those who were qualified to give it. I know the former premier of New Brunswick was very very much convinced that storage rights were necessary. One of the main sources of information we have had in New Brunswick was the late Gaspard Boucher, who was at one time chairman of the hydro company. He gave me these same views; and in order that there may be no misunderstanding I should like to put on the record a statement made in the budget debate in the provincial legislature at Fredericton in 1952, just previous to the provincial election of that year. In speaking in that debate Hon. J. B. McNair had this to say:

> It was upwards of six years ago that fresh studies were launched to determine the power potential of the Saint John river. These were initiated through the New Brunswick resources development board. As a result of its work we early became convinced that, in addition to others the merits of which have long been considered debateable, there are two potential sites capable of economic development. These are the sites at Morrill and just above Beechwood enumerated in this house by my friend opposite a few weeks ago.
>
> Our studies have been predicated upon the assumption that storage is vital to any development. We know too, as he said in his speech, that sections of the river constituting boundary waters as well as tributaries, outside this province would be involved. We have also been aware that heavy expenditures would be involved in any development program.
>
> It seemed to us necessary to enlist interest and support elsewhere if any plans were to be developed for the effective harnessing of the power of the Saint John river system.
>
> . . . On December 8, 1948, I wrote the Prime Minister of Canada requesting the co-operation of the Canadian government and that steps be taken to refer to the international joint commission the study of the power potential of the Saint John

river system and means to make it effective. I feel it desirable that this letter should also be read into the records of this house. It is as follows:

Then here is the letter sent by Hon. J. B. McNair to the Prime Minister of Canada at that time.

In New Brunswick as elsewhere in Canada the demand for electric energy is increasing at an unprecedented rate. For some years efforts have been made by our publicly owned electric power commission to meet the needs in this province by additions to its coal steam generating system and in certain areas by the temporary and costly expedient of installing diesel units to meet pressing local shortages of supply. During the past few years certain surveys and studies of sites where hydro-electric energy might be economically produced, have been carried on. In these we have had the assistance of such engineering firms of the Power Corporation of Canada and H. G. Acres and Company.

During these investigations consideration has been given to further hydro-electric development on the Saint John river, the largest of the rivers of the maritime provinces. As you may know, about 20 years ago a hydro-electric plant was established at Grand Falls which is presently owned and operated by the Gatineau Power Company. Apart from this there are other sites, possibly three, farther down the river which may lend themselves to development. One of them is now receiving intensive study and appears very promising. However, any such development is rendered problematical due to lack of storage and regulation of flow, factors very material to steady energy production throughout the year.

The history of the Grand Falls plant, which primarily supplies the newsprint mill of the International Paper Company at Dalhousie, has shown a drop during the winter season from its designed and installed capacity of 80,000 H.P. to an output of 20,000 H.P. or less. Any new installation on the river would be subject to similar winter and late summer or early autumn fluctuations in production.

The solution of this problem lies in the provision of storage in the headwaters of the Saint John river. These lie chiefly in the state of Maine and in the province of Quebec. Available statistics show that the drainage area of the Saint John river above Grand Falls is about equally divided between Maine and Quebec with approximately 4,500 square miles in each jurisdiction.

It was of interest to us to note that the newly reorganized international joint commission is now giving study to various boundary water questions. It would seem that the time is opportune to seek its assistance and intervention in connection with the hydro-electric potential of the Saint John river. It is obvious that apart from other possibilities there is storage of considerable magnitude available on the St. Francis river, one of its tributaries. This river rises in Quebec and for a portion of its course forms the boundary between Maine and Quebec and then becomes the boundary between Maine and New Brunswick. In these boundary waters are to be found three lakes known as Glasier, Cross and Beau lakes which constitute wide stretches in the river which should lend themselves to storage works and if developed would afford most helpful storage during periods of low water supply for any present or future development on the Saint John river. It clearly falls within the jurisdiction of the international joint commission.

In every part of that speech made in the budget debate by Hon. John B. McNair he outlined in every detail the absolute necessity of storage rights on the St. John river before stable power could ever be produced. That was the attitude that was taken 20 years ago, and it is the attitude that is taken today. Nevertheless it was decided by the provincial government of New Brunswick to go ahead with that project without storage rights.

To confirm the ideas that have been expressed by Liberal members of this house I should now like to put on the record a statement by one who is very closely connected with the New Brunswick power commission, Dr. Rowley. In his 1955 report which was published and put out by the provincial government of New Brunswick, Dr. Rowley, director of the research branch of the New Brunswick resources development board, had this to say:

Until large water storages are constructed in the upper reaches of the Saint John river watershed in Maine and Quebec, such firm or continuous power will not be available from sites that might be developed on the main river. With ample water flowing, as during the spring run-offs and with rainy autumn periods, Beechwood will afford periods of firmness in supply. The smaller winter and summer flows will afford energy for some hours each day only to care for peaks when system demand is high. Consequently new sources of continuous power must be afforded and these are most likely to be steam plants burning that fuel which will most effectively yield power at the lowest cost.

No stronger support could be given to the stand taken by Mr. J. B. McNair in New Brunswick than that statement by Dr. Rowley. I have been convinced for many years that Beechwood would never be economically sound, would never provide stable and dependable power, until those storage rights had been secured, and I believe that idea has today taken form in the minds of many people in New Brunswick. It is for that reason that on many occasions when I have spoken on this matter I have been accused of opposition for political reasons. But that would not greatly affect the people in my province, because they know that the whole issue has been shrouded in politics for years and years.

It was the belief of many people in New Brunswick that this development should never have been taken out of its international setting; that we should have gone ahead by obtaining those storage rights, and in that way we could have been supplied with dependable power from Beechwood. You must have dependable power before you can interest those who might come to the area and establish industries. You cannot attract industry when you have low power during one part of the year and high power at another period.

Now, Mr. Chairman, I want to get on to the submission made to the government in 1953 by the premier of our province, and I am going to quote his own words. They are as follows:

> The cost of power from the Beechwood site would, of course, be determined by the rate at which the capital to construct the hydro power installation could be borrowed. If the province were forced to borrow at the present market rate of approximately 5 per cent, the estimated cost of delivered energy in mills per k.w.h. would be 6.92.

Mr. Fleming: Would the hon. member tell us the date of that letter?

Mr. Stuart (Charlotte): The date of this letter is April, 1953.

> However, if the commission could borrow the capital funds from the federal government at 2½ per cent, the estimated cost would only be 4.76 mills per k.w.h. If the federal government would advance the funds, free of interest, the estimated cost would be driven down to 2.61 mills per k.w.h.

Mr. Lesage: That is three units, not two.

Mr. Stuart (Charlotte): Three units. In the final detailed proposals to the federal government the following appears in a paragraph over the premier's signature:

> In view of the above, it is requested that the government of Canada agree to advance to the province of New Brunswick as the work progresses, sufficient funds, interest-free, to permit the development of the Saint John river basin with repayments at the rate of one and one-half per cent per year, starting one year after each unit of plant goes into operation. If an interest-free loan is not possible, it is requested that the advances be interest-free during construction and bear interest at a rate not exceeding 2½ per cent per annum thereafter.

The amount that was requested of the federal government at that time was not $30 million but $44.5 million. This proposal was given serious consideration by the government at Ottawa at that time, and I wish to assure all hon. members in this committee that the Liberal members from New Brunswick discussed the matter on every occasion which was provided to discuss it.

The federal government was not prepared at that time to extend interest free money to the province of New Brunswick, realizing that once this was done the same service had to be provided for all the other provinces; you cannot provide interest free money for one province without providing it for all. But I do believe the premier of our province was told at that time that in the view of the government Beechwood was not beyond the financial capacity of the province, and that once it had been completed, if there were further developments required the federal government would be prepared to consider financial assistance. That remark, I realize, was given very little publicity.

It is a fact that our premier has stated that to borrow at the rate of 5 per cent would make Beechwood practically prohibitive in so far as cost is concerned. Those are his own words. He said it would cost 6.92 mills per kilowatt hour at 5 per cent. With the arrangements we now have, or will have, with this federal government to lend $30 million at 4⅜ per cent or thereabouts, I fail to understand how any one can argue that there could be any great difference in the cost of power, taking an interest rate of 5 per cent into consideration as opposed to an interest of 4⅜ per cent. As far as I can see there would be very little difference in the cost of power.

At the same time we all know we were promised cheap power in New Brunswick from Beechwood; we were assured that it was not practical to develop the project with an interest rate of 5 per cent on the loan, that it would be beyond a reasonable cost. Why then are the premier of New Brunswick and the Conservative members so very jubilant today over the fact that we are in a position to borrow money at 4⅜ per cent? I just cannot understand it, because an interest of 4⅜ per cent certainly will not give us cheap power in the province of New Brunswick.

I have listened to many discussions on this question. Our premier has given it a lot of publicity over the radio, on television and in the press, showing what a wonderful plan has been submitted by the federal government. At the same time this is directly contrary to anything he suggested to the former Liberal government, because what he asked of the former Liberal government was interest free money; he never asked for a loan of 5 per cent or 4⅜ per cent. He asked for an interest free loan; and not only that, but for a period of 66 years in which to repay, whereas under this arrangement he has eight years in which to repay the loan at a rate of $750,000 a year, or a total interest cost of $6 million.

I might add that to me an interest rate of 4⅜ per cent seems practically prohibitive in so far as power is concerned, and when all the rejoicing which has taken place in connection with this great piece of business is over I think this will be more widely realized. I draw your attention, Mr. Chairman, to a loan which was made only a few weeks ago in western Canada, a loan that was interest free. If this government really want to do something for New Brunswick why can they not provide interest free money for power development in that province as well as for some other purpose in some other part of Canada? It would seem to me as if discrimination was being shown.

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I realize at the same time that many people in our province would not know the story in connection with the suggestions that have been made regarding power development in New Brunswick. But these are facts; what I have put on the record is a statement made to this government by the premier of New Brunswick, and at no time can I find any record or any suggestion of his wishing to borrow money at 4⅜ per cent or 5 per cent.

It comes back to what I said in my opening remarks on this matter; that hydro expansion in the province has developed into a political football, and nothing else. Since 1952 I would say this project has been shrouded in deception, uncertainty and political manoeuvring.

That is my opinion. Back in 1953 the citizens of our province were assured by our premier that the development of Beechwood would immediately bring several new industries to our province. These industries were said to be ready to establish branches in New Brunswick just as soon as the power could be provided. We were told that over the radio, over television and in the press. Beechwood would be the answer to the processing of our metals in the Bathurst area and other parts of the province; and our premier emphasized on every occasion the fact that what was required to induce industry was cheap power. Beechwood, he said, would provide the cheap power which was the answer to all our power problems.

I would just like to run over again the figures of the proposal made to the federal government in 1953. It was either interest free money or money at 2½ per cent. I repeat that under the premier's proposal to the federal government he requested 66 years instead of eight years in which to make the repayment. The proposal now before us provides for a loan of not more than $30 million at 4⅜ per cent interest, and eight years for repayment. Again I want to put the interest rate on the record. Six million dollars in eight years when broken down represents an annual interest of $750,000 on the loan.

According to our premier's own reasoning, Beechwood will never provide cheap power under those conditions. Beechwood will not bring industry to our province because it cannot provide cheap power; and now the premier's own engineers admit that Beechwood will never be a source of cheap energy until storage rights have been secured. Without storage rights there will always be a great fluctuation or variation in the power potential.

If an interest rate of 5 per cent was prohibitive in 1953 in so far as cheap power was concerned, it is evident that a rate of 4⅜ per cent is an insignificant improvement. The cost of power to the citizens of our province cannot be reduced as a result of Beechwood. There will be no improvement in this regard, which is most disappointing to all those who expected and were promised substantial relief in the cost of electrical energy once Beechwood was completed.

During the recent election campaign the Prime Minister, the premier of New Brunswick and Tory candidates in all parts of our province assured our good citizens that if a Conservative government was formed after the election it would immediately adopt the plan as set out by Premier Flemming for interest-free money for the Beechwood project, which would no doubt have cut the cost of power to a great extent.

These promises were made in the latter part of the campaign. At the time the date of the election was announced our premier suggested to the leader of the opposition in New Brunswick and to other Liberals that the question of power development in New Brunswick should not be mentioned or become an election issue in the election campaign. He gave his solemn promise that he would avoid any mention of this most important issue which means so much to the economy of New Brunswick. But the campaign had been under way only a very short time when the premier of our province made a statement on this very subject in Moncton. This was followed up by a statement in Fredericton which was picked up by the press and carried all over the province.

I wish to emphasize that when the premier of New Brunswick approached the federal government for this assistance in 1953 he could have obtained the money for less than 4⅜ per cent if he had followed the advice given to him at that time. Only a few days ago I noticed an article in a Nova Scotia newspaper to the effect that the government had arranged a loan of $8 million at a total cost to the province of 4.786 per cent, or something under 5 per cent. However, I can readily appreciate that the province of Nova Scotia would have some advantages over the province of New Brunswick in that regard, because they have had a Conservative government there for only a year and a half or so which would be of some assistance in this connection.

Basing my closing remarks on the information I have been able to obtain in my own province, I say in all sincerity that desirable as it may be to have this essential service under public ownership it has many misgivings. There are many examples of misdirected effort on the part of the New Brunswick power commission that I could

bring to the attention of this committee if I had sufficient time. In the extension of this service the first thought should have been the greatest benefit to the greatest number of people.

That has not been the case, however. The governing factor in making the decision was which extension will bring the greatest number of votes in support of the government. That has been the governing factor in every case. We experienced exactly the same thing only a few months ago when the Liberal government made its power proposal to the province of New Brunswick.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Bell (Saint John-Albert): Mr. Chairman, now that the hon. member has completed his remarks I wonder if I may be permitted to place on the record the final qualification paragraph that the Minister of Veterans Affairs also interjected into the speech of the hon. member for Montmagny-L'Islet.

The Deputy Chairman: Is it the hon. member's intention to make a speech now?

Mr. Bell (Saint John-Albert): Well, we are in committee, Mr. Chairman, and I merely wish to place this on the record to achieve continuity.

The Deputy Chairman: I appreciate the hon. gentleman's remarks, but on the other hand arrangements have been made under which someone else has the floor at the present time. I would suggest that the hon. gentleman should wait and do this later, if it would meet the same purpose.

Mr. Bell (Saint John-Albert): I understood, Mr. Chairman, that it was customary not to interrupt the speech of an hon. member but that following his speech a correction could be pointed out. I feel it is quite important that it be done at this time in order to provide continuity in *Hansard*.

The Deputy Chairman: Does the hon. gentleman wish to ask a question?

Mr. Bell (Saint John-Albert): Yes, Mr. Chairman. May I ask the hon. member for Charlotte if he is not aware that following these four proposals made to the federal government by Premier Flemming of New Brunswick he also put in a qualifying paragraph which reads:

The above—

—proposals—

—have been set down as a basis for discussion only. Of course we will be glad to consider financial assistance in any form deemed possible by your government.

Mr. Stuart (Charlotte): Well, Mr. Chairman, I believe that provides an opportunity for me to finish my remarks, since I am on my feet.

Mr. MacInnis: You had to have it pointed out to you. Someone else gave you an assist on that one.

Mr. Stuart (Charlotte): I have not seen that correspondence, and I do not believe it was in the brief submitted to the federal government. I believe it is contained in a letter.

Mr. Bell (Saint John-Albert): Is the hon. member not aware that these records were tabled in this house?

Mr. Lesage: What is the date of the letter?

Mr. Bell (Saint John-Albert): Is he not aware that sessional paper No. 219 would uncover that whole matter; and if he was speaking with authority on this subject, as he purported to have done, would he not agree that he should read all the correspondence and the complete record?

Mr. Stuart (Charlotte): Mr. Chairman, let me say to the hon. member in reply to the question he has asked that even if I had read the letter it would not change the picture one iota, because our premier has stated definitely that money at 5 per cent interest makes Beechwood prohibitive. The hon. member has not answered the question at all. If a loan at 5 per cent interest makes Beechwood prohibitive, surely a loan at 4⅜ per cent interest is not any great improvement. Even if the Liberal government had offered a loan at 4⅜ per cent interest it would not have satisfied the people of New Brunswick, although it may have satisfied the premier of that province.

The Deputy Chairman: I think the hon. gentlemen have now had enough extra time on this point.

Mr. Stuart (Charlotte): With all due deference, Mr. Chairman, I believe that once a question has been asked I can assume the floor again and speak for another half hour in committee.

The Deputy Chairman: The hon. member has already spoken for half an hour.

Mr. Stuart (Charlotte): I believe that in committee I am entitled to speak for another half hour, though it would not take me that long.

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The Deputy Chairman: The hon. member may do that if he wishes, but he has already spoken for half an hour and it is not fair to the other hon. members.

Mr. Stuart (Charlotte): That is perfectly all right with me. I can take another half hour later.

Mr. MacInnis: If you have enough material.

Mr. Stuart (Charlotte): I may tell my hon. friend that I do not need any material of his. I do not need any material of yours; and any time you think you would like to have an opportunity for you and me to debate it either inside or outside of this house just let me know and I am ready to proceed; yes, any time. Mr. Chairman, may I suggest that the hon. gentleman and I—

The Deputy Chairman: Order.

Some hon. Members: Oh, oh.

The Deputy Chairman:. Order. I recognize the hon. member for York-Sunbury.

Mr. MacRae: In rising to speak in support of this resolution, Mr. Chairman, I wish to express the gratitude of the people of my constituency for a measure which has been hailed not only in the constituency of York-Sunbury but throughout the whole province of New Brunswick. I have no doubt that when the speech from the throne was read by Her Majesty on October 14 and Beechwood was mentioned, there were many people listening to whom Beechwood was only a name. There are those who think of Beechwood only as a hydroelectric development on the Saint John river 100 miles or so above the capital city of Fredericton, but Beechwood is a great deal more than that. Beechwood is a symbol, an example of the courageous determination of the people of New Brunswick to improve their lot, to improve their standard of living.

A few days ago I was reading a volume on our Atlantic provinces. The harsh first sentence in the chapter on my province was in these words:

> New Brunswick is a poverty-stricken land which occasionally sprouts a millionaire.

Those are the words of the author, Mr. Chairman, not mine. New Brunswick was not always a poverty-stricken land. When New Brunswick joined with Nova Scotia and Upper and Lower Canada to form this great nation, it was anything but poverty-stricken. Its lumber was shipped all over the world. Saint John was the second largest shipbuilding port in the world. It traded heavily with the New England states, the West Indies and Europe. As the result of the federal union we lost the valuable United States trade, trade which was never regained.

Since that time the maritimes have fallen behind the rest of Canada economically. But because we have lagged economically does not mean that we have failed to make our full contribution to over-all Canadian development in other ways. The contribution of our people in the wars of this century speaks for itself. Our men and women have gone to every province of the dominion and every nation in the world to enrich them. One need only remember men like Bonar Law, at one time prime minister of Great Britain, Richard Bedford Bennett, Lord Beaverbrook, Sir James Dunn, the scores of jurists, the university presidents, the leaders of the church, the leaders of finance, who left the province of New Brunswick and made their mark elsewhere because there just was not the opportunity at home for them. This state of economic stagnation continued until September of 1952, when a government took office in New Brunswick that was determined to do something about it.

In this day of mechanization cheap electric power is one of the keys to prosperity. New Brunswick does not have a great deal of hydro power potential. There are perhaps less than half a dozen good sites for development, but one of these is at Beechwood on the Saint John river. Here low cost hydroelectric power could be developed. Studies began as early as 1945 with regard to this particular site. Negotiations were conducted by the provincial authorities with the international joint commission and in April, 1953, their report was presented stressing that power could be developed cheaply at Beechwood, more cheaply than by thermal plants. The cost, as it turned out in the final analysis, was less than $30 million for 90,000 horsepower, with an additional 45,000 horsepower available when needed at a cost of approximately $2½ million.

The government of New Brunswick approved the project and asked Ottawa for help several times over a two-year period. No help was given. At one time we were told by Ottawa that Beechwood was so sound a project that help was unnecessary. Another time we were told that the project was not economically feasible. Finally Hugh John Flemming and his Conservative government in New Brunswick decided to go ahead on their own, the boldest, most courageous step in the financial history of that province. Work on Beechwood officially began on June 11, 1955, a tremendous task for a province of only a little more than half a million people.

Today the great power plant at Beechwood is almost finished, and part of it is now operating on a test basis. Power is flowing to turn the wheels of industry so vitally needed in

New Brunswick; power to smelt our mineral resources, said to be one of the greatest finds on the North American continent; power to turn the wheels of the industries we can now attract; power for a better life for our people. Beechwood is one of the greatest things that has ever happened to New Brunswick, and the legislation we are discussing today involving a loan to be paid back over an eight-year period is legislation which the people of New Brunswick and all of Canada will acclaim.

Remember, sir, that this is a loan, not a gift. The previous government could easily have done this and should have done so but did not. The right hon. gentleman who is now the Prime Minister of Canada has kept the promise he made to the people of my province before June 10 and has kept it generously and quickly. In the words of the great Conservative premier of New Brunswick, "This is an unmatched record in Canadian politics, any time, anywhere."

Mr. Robichaud: Mr. Chairman, the resolution before us now has to do with a measure to authorize a loan out of the consolidated revenue fund to the government of New Brunswick, not exceeding $30 million, to cover the full cost of construction of the Beechwood plant. The terms of the loan have been outlined by the Minister of Finance this morning, and the loan is to bear interest of 4⅜ per cent or the current rate of interest of long-term Canadian loans at the time the loan will be made on April 1, and is to be repayable in a period of eight years.

The Canadian people were first informed of the government's decision in this connection when in the speech from the throne the following words were spoken by Her Gracious Majesty the Queen:

> You will also be asked to provide assistance in financing the Beechwood project which has been under construction in New Brunswick.

An hon. Member: What are you reading from?

Mr. Robichaud: I am quoting from the Christmas card circulated by the premier of New Brunswick bearing those words, being an excerpt from the speech from the throne read by Her Majesty the Queen at the opening of parliament in Ottawa on October 14, 1957. The same words are to be found at page 6 of *Hansard* for that date. It is no wonder, Mr. Chairman, that the hon. member for York-Sunbury, when speaking before me, said that before the present government took office Beechwood was only a name but now it is a symbol. No true Canadian ever thought that Beechwood would be used by the premier of New Brunswick, together with the very words of Her Majesty the Queen, on a Christmas card for political purposes.

Mr. Montgomery: I rise on a point of order. I think it is unbecoming for a member of this house to state that anybody has used these words for political purposes on a Christmas card.

Mr. Robichaud: Mr. Chairman, it may be more unbecoming for the premier of a province to use such words on a Christmas card.

The Deputy Chairman: Order. I would call the hon. gentleman's attention to standing order 35, which reads as follows:

> No member shall speak disrespectfully of Her Majesty, nor of any of the royal family, nor His Excellency or the person administering the government of Canada; nor use offensive words against either house, or against any member thereof. No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

I think it is quite clear that according to the second last sentence of that paragraph, the hon. gentleman is not strictly in order.

Mr. Robichaud: On the point of order—

Mr. Lesage: On the point of order, may I submit very respectfully that what the hon. member for Gloucester did was to say that the premier of a province had used a picture and words of Her Majesty for political purposes. It was an accusation against the premier of a province, and I respectfully submit that it had nothing to do with standing order 35.

The Deputy Chairman: It is an accusation in which the name of the Queen is mentioned, and that cannot be done. No member can use the name of the Queen in debate in the House of Commons.

Mr. Lesage: On the contrary, Mr. Chairman, the hon. member for Gloucester was saying that somebody had used the name of Her Majesty in vain.

Mr. Robichaud: Now that the point of order has been cleared up, I hope I can carry on.

Mr. Fraser: You should apologize.

An hon. Member: To whom?

Mr. Robichaud: Mr. Chairman, if hon. members want to bring up the question again, I have made reference to the words that were used, and at no time have I made any accusation or reference which was not respectful to Her Majesty the Queen.

Mr. Lesage: Quite the contrary.

Beechwood Power Project Loan

Mr. Robichaud: In a statement issued to the press two days later Premier Hugh John Flemming said:

> It has been a moving experience to represent New Brunswick in Ottawa during the opening of parliament by Her Majesty, and to hear set forth in the speech from the throne the promise of Her Majesty's government of Canada to assist the Beechwood development and to make further provision for the generation of lower cost power in the Atlantic area.

Further on he makes reference to this generous promise in the speech from the throne, and concludes his statement by saying:

> Altogether, the speech from the throne contained news of great and hopeful significance for every man, woman and child in this province.

I realize, Mr. Chairman, that on the government side of the house there is some confusion about the present status of the Beechwood project. This morning, in an interjection, the Minister of Veterans Affairs said that Beechwood had been in operation for three weeks. Amongst the sessional papers which were tabled on January 3 there is a letter dated October 21, 1957 from the Prime Minister of Canada to Hon. Hugh John Flemming, premier of New Brunswick. This letter reads as follows:

> My dear Premier:
>
> I wish to send you my congratulations and best wishes on the occasion of the formal opening of the Beechwood hydro development project next Thursday, October 24.

Now, whom are we to believe? This is in a sessional paper which was produced on January 3, amongst all those letters of congratulations from the Prime Minister and other ministers of the cabinet; but the real document which was requested, the proposal of the federal government to the province of New Brunswick, was not tabled.

It is my intention this afternoon to review briefly some of the incidents and discussions relating to federal assistance to electric power development in New Brunswick, leading to this so-called generous reference of such hopeful significance. The interim report of the international joint commission of the United States and Canada on the water resources of the Saint John river basin involving Quebec, Maine and New Brunswick, released on January 27, 1954, included, in conjunction with the Beechwood project on the Saint John river, provision for a 500,000 to 600,000 acre feet reserve storage at sites upstream from Grand Falls, New Brunswick. This would have made possible the prospective increase in normal power demand through 1961, with thermal plants to meet the requirements of extraordinary demands such as may be required by mineral developments in northern New Brunswick. We all recognize that thermal expansion would be less economical than storage; nevertheless it appears to be the only alternative if storage is not made available in order to increase the total output of the present Beechwood installation by the addition of a third 45,000 horsepower unit, or even to assure the potential electrical output of the present units.

At this point, Mr. Chairman, I may refer to the words of the premier of New Brunswick himself when addressing the New Brunswick legislative assembly on April 14, 1954. He said, and I quote his own words:

> All this information has gone to show that the outstanding question in regard to power development is the amount of financial assistance which could be secured by the province in developing the Saint John river. It has already been announced by the hon. chairman—

That is the chairman of the New Brunswick hydro commission.

> —that the province, on its own behalf, can and will begin the initial development at Beechwood. However, the great storage projects will require assistance when they are undertaken—assistance which can only come from one source.

In view of these words by the premier of New Brunswick himself I am wondering how the members on the government side can protest the attitude of the previous government on this matter.

We should deduce from this statement by the premier of New Brunswick that the province, on its own behalf, could proceed and decided to proceed with the initial development of Beechwood. The premier stated at the time, and this was less than four years ago, that where assistance was required and where it was expected was for the acquisition and construction of the great storage projects which were needed in order to make the Beechwood operation effective and economical.

In view of this statement by the premier of New Brunswick, and in view of the decision, according to this statement, to proceed with the initial stage of the Beechwood project, which in fact has been now practically completed and is in operation, it is clear that the previous federal government had taken very important decisions concerning this vital question. On January 26, 1956, as reported on page 558 of *Hansard* for that date, I received a reply from the then minister of northern affairs and national resources which reads in part as follows:

> All the way along there has been a constant exchange of views among provincial and federal technical and financial officials. These discussions appeared to indicate that the development to the end of the Beechwood phase could be carried out by the province of New Brunswick without jeopardizing its credit. It appears, however, that future developments in the province are likely to require additional power on a substantial scale.

This larger future development has been represented to the federal government as likely to be beyond the capacity of the province of New Brunswick to finance on its own.

The previous government was prepared to recognize that the larger future development of the Saint John river was beyond the capacity of New Brunswick to finance on its own, and also to take into consideration the admission by the premier of New Brunswick himself that the present phase of the project, the one which we are discussing today, could be undertaken by the province on its own.

In his budget presentation on March 14 last the former minister of finance outlined a proposal which was offered to Nova Scotia and New Brunswick and which has been referred to by those who have preceded me in this debate. In concluding his remarks the minister stated that notwithstanding his offer, the relatively high cost of electrical power in the Atlantic region as a whole would continue to receive further careful study.

The latest available report on this important subject is the report on the power supply of New Brunswick and Nova Scotia, made for the Northern Canada Power Commission by the Montreal Engineering Company Limited, which was finally tabled in this house a few weeks ago by the Minister of Northern Affairs and National Resources. On page 8 of this report we find this:

The two hydro units now being installed in the Beechwood plant, can be used to good advantage for supplying peak power and secondary energy. Unless storage is developed in the United States or Quebec, the water supply will be inadequate to justify the installation of a third unit in the period under review.

On this very subject of water storage, a day or two ago I came across a statement made by Mr. H. J. Rowley, director of the research board and chairman of the New Brunswick development board, which was included in his 1955 report to the department of industry and development of his province. I feel that this statement by Dr. Rowley, which was quoted in full a few minutes ago by my colleague the hon. member for Charlotte, has a direct bearing on the motion which is now under consideration by this committee. Here is a statement by an expert in this field. Here is a straightforward report which reveals without any doubt that water storage facilities are essential to the economic development or operation of the Beechwood project.

From the statements I have just placed on the record it is obvious that the government would have been well advised to advance money to provide water storage facilities which are essential to the economical operation of Beechwood, rather than share in financing a project which is already completed and in fact partially in operation. If this is a general policy to be adopted by the government the minister should advise the house accordingly.

Personally I would have preferred to see the government advance money for the storage facilities, which would have contributed to making the Beechwood project not only economically sound but would at the same time have provided employment which is so urgently needed in New Brunswick today. In fact, had the province of New Brunswick financed the project in 1954, when the premier announced that the province could and would proceed on its own with the construction of Beechwood, when loans could be obtained at an interest rate of 3½ per cent to 3¾ per cent, the ratepayers of the province of New Brunswick would have been saved from $250,000 to $300,000 a year in interest alone.

In making his announcement, on November 14 last, part of which I referred to earlier, the Prime Minister stated that the Beechwood plant would provide a substantial block of relatively low cost power. Has the minister today given any indication of the cost of this relatively low cost power for which a loan is asked? Has the Prime Minister, when he made his announcement on November 14 last, or the Minister of Finance when introducing the resolution we are now discussing, given any assurance to this house that relatively low cost power could be produced if this loan were approved?

In the same address to the provincial legislature which I mentioned earlier, on April 14, 1954, the premier of New Brunswick said:

The Conservative party has been the strongest advocate of the storage scheme during recent years.

If they are so strong an advocate of the storage scheme, why are they not asking for the co-operation of the federal government to take care of the 500,000 or 600,000 acre feet storage required to make Beechwood economically sound, and the only way to provide the relatively low cost power which New Brunswick industries are asking for? The construction of storage facilities at this time, when unemployment in New Brunswick has reached an all-time high, would provide work for a large number of our unemployed.

Where is today the news of great and hopeful significance for every man, woman and child in New Brunswick? Is it to be found in the recent curbing actions by the United States government or in the further restrictions which can be expected following the

bold and arrogant attitude of the present government? Is it to be found in the ever-increasing unemployment which is spreading through New Brunswick and through all Canada today?

The people of Bathurst and of Gloucester county have been seriously shocked by the recent announcement of the curtailment of operations by Brunswick Mining and Smelting Corporation. There is a possibility that lead and zinc are next on the list to be affected by United States import curtailment. Is it not significant that over six months after taking office the present government have not produced a single official note of protest, a single official document having to do with representations to the United States government, asking for postponement of such curbing actions toward imports from a neighbouring and friendly country? No one in New Brunswick, particularly in Gloucester county, can disregard the serious blow to our people and to our economy that will follow the curtailment of mining operations in the Bathurst area.

For the last four years our merchants, our industries and our people had geared and planned their activities on developments which had given new hopes to our depressed areas and which had promised a revolution in our general economy. Investments were made accordingly. New constructions were started, some of which are now completed. New accommodations were provided and Bathurst, conscious of its responsibility, was looking ahead to a future of achievement in material things, of progress in civic affairs, ready to take full advantage of its human resources as well as its new natural resources.

If the present government was prepared to take action to keep in operation the Britannia mines in British Columbia, and if the present government is consistent in its policy to help the Atlantic provinces, why is it not taking action to keep in operation the mining developments in northern New Brunswick? I will have more to say on this subject on resolution No. 11, having to do with assistance in the generation of electrical energy by thermal power projects for the Atlantic provinces.

When normal amortization periods on power plants built by the Northern Canada Power Commission are based on a long term amortization period of 30 years, why is the loan now granted to New Brunswick for the Beechwood project limited to an eight year repayment period? It is only logical to assume that the province of New Brunswick with its declining revenues mainly in the last few months, will not be in a position to repay this loan on the basis of $4 million per year.

In other words, if New Brunswick wants to meet its obligations under this particular loan it may have to borrow at a higher rate of interest. Before this bill is presented the minister should consider very seriously extending the amortization period to conform with the policy in regard to northern power development.

In concluding I wish to quote a brief paragraph from the *Atlantic Advocate,* a magazine from the maritime provinces which I am sure, through its editor and publisher, is well known to the members on the government side of the house. Before doing so, however, I want to take this opportunity to congratulate the *Atlantic Advocate,* which won high honour by receiving the annual award of the Canadian tourist association's historical and cultural committee. This, and the public references in speeches and newspapers that followed, have combined to make the first year-end of publishing a happy and rewarding climax. Under the title "Looking a Gift Horse in the Mouth" the editor of the *Atlantic Advocate* has the following words to say:

> For it is a natural and proper reluctance that causes hesitancy to look a gift horse in the mouth. Ingratitude is one of the baser qualities. Yet, whilst we are glad to get acceptance of the principle of adjustment grants to poorer provinces, and grateful for the thermal units, the coal subsidy that goes with them, the grid, and the financing of Beechwood, we must admit to disappointment that the coal subsidy, limited as it is to $1,600,000, will not be sufficient to remove the differential between power prices in the Atlantic area and elsewhere; and the federal financing of Beechwood with interest at 4⅛ per cent and repayment spread over eight years is not the low interest long term financing the province looked for.

Mr. Herridge: In view of the fact that on two occasions the present hon. member for Cape Breton South has clearly indicated to this house that he would prefer to settle issues by fisticuffs outside of the house rather than by exhibiting his ability to debate issues inside the house, I suggest that he model his conduct on that of the former member for Cape Breton South who, I think I am safe in saying, had the respect of his colleagues in this house, whose ability was recognized by members of all parties, who on all occasions respected the highest and best traditions of parliamentary procedure, and who always aimed to achieve his ends in strictly Canadian and constitutional ways. In all kindness to the young member I suggest, Mr. Chairman, that in order to become thoroughly housebroken to the days ahead he read very carefully the speeches his predecessor made from 1942 until the dissolution of parliament this year.

This group has remained silent on this resolution to date, Mr. Chairman, because it is quite content to sit here and glow with

pride and satisfaction in the knowledge that this government is following the procedure of the former Liberal government in adopting as policy some segments of C.C.F. policy that have been advocated in this house for many years.

In this resolution the present government is adopting the policy that has been urged by members of this group for many years; that is for a federal government to render financial assistance to a provincial government for the development of hydro resources under public ownership. We are very pleased to see this and we realize it is further evidence—and it happens from day to day—that even governments learn from this little and valiant group on this side of the house, that our policies are substantially sound and that we are effective out of all proportion to our numbers at the present time. I hope the people of Canada in general will recognize these facts at the next election.

I have taken a great deal of interest in the development of hydro resources and in deference to the expressed wishes of the Minister of Finance I am going to defer my remarks with respect to the validity of public ownership for the next resolution, because I do not want to stir him up at this time. I do want to put on record, however, the report which General McNaughton made to the external affairs committee with respect to the Saint John river development of which I understand the Beechwood development is an important part, because I think the member for Charlotte was rather critical of that development. I have the report given by General McNaughton to the external affairs committee, but there were certain questions asked and we do not have a printed copy of the record at this time. I propose now to read from the report on the Saint John river reference, 1950, as amended July 7, 1952, as I think this should be placed on the record:

> Again in the maritimes, I would like to report briefly on the Saint John river reference. As I mentioned last year the interim report of the commission dated January 27, 1954 is in the hands of the governments and since that time, we have received annual reports from the engineering board covering subsequent developments in the area.
>
> I am pleased to report that the first two units of New Brunswick's Beechwood power project are now in place and will be in operation shortly. Action is being taken to provide electrical interconnection between New Brunswick and Maine which was recommended in the commission's report. In this respect I recall that on my appearance before this committee last year I was able to report that the state of Maine had repealed the Fernald Act which had prohibited the export of hydro-electric power from that state. Action has since been taken by the Department of Trade and Commerce (Canada) and by the United States federal power commission to authorize the interconnection and the export of electric energy in the amounts proposed. The amounts are not large in comparison to various blocks of power available in other parts of Canada but under the special conditions of development in the region largely along the two sides of the Saint John river these arrangements should prove of material help in satisfying local needs of the area and we are hopeful that later these arrangements for co-operation may be further extended to the benefit of development in the Saint John river basin both in Canada and in the United States.

I judge from the report of the general and the answers to the questions of that committee that while this whole scheme of development has not come to fruition with respect to the arrangements between Canada and the United States—and to the hydro development this is a very important and worth-while step in this direction—we in this group give wholehearted support to this resolution as providing for a measure that will be of great advantage to the people and to the economy of the province of New Brunswick.

Mr. MacInnis: On a question of privilege, Mr. Chairman, it would seem that the last speaker saw fit to rather put me in my place for what has previously taken place here this afternoon. Let me at this time say that when that challenge was hurled at me I made no reply whatsoever. I got up and left my seat and as far as—

The Chairman: Order. That is not the question. If you have a direct question—

Mr. Knowles (Winnipeg North Centre): He has the right to speak.

The Chairman: I have recognized the hon. member for Victoria-Carleton.

Mr. Brooks: May I say that I think there was a reflection on the hon. member for Cape Breton South. The hon. member for Kootenay West in speaking said that the hon. member wished to settle these disputes by another manner than debate in the house. As the hon. member said a moment ago, he merely got up and left the chamber and there was no indication on his part that he wished to settle disputes in any other way than by speeches in the house. I think he should be allowed to make that statement now because there was a reflection upon him.

An hon. Member: The chairman has ruled.

The Chairman: He should have made that statement just at the time when the point was taken.

An hon. Member: He was out of the house.

Mr. Montgomery: I would like to say a few words in support of this resolution. As a matter of fact I think I would be less than

human if I did not at this time, not only express my own appreciation for the early recognition by the government of the necessity of helping a small province but also express the appreciation of the people of my constituency because this project happens to be in that constituency. Indeed I might go a step further and say that the people of New Brunswick in general appreciate the action taken by this government in such an early recognition of their needs.

I would like to be fair, but I cannot let pass some remarks made by hon. members today. I am wondering if they are trying to convince the members of this house that this resolution and the legislation which follows it should not be supported. Neither the hon. member for Charlotte nor the hon. member for Gloucester indicated that they were going to support the legislation and I wonder if they are going to do so. Even though it is not as good as they would like to see it, is it so bad that they are going to vote against it? I am sure they have not convinced the members of this house that this project is an unworthy one but I am afraid that the impression is going out from this house, through those members, that it is not an economic, sound or even the type of project which the federal authority should support in a small province like New Brunswick.

If that impression should go out I would feel sorry because I am sure it could do nothing but hurt, not only those members in their own constituencies and in their own provinces but it might give a wrong impression to the rest of Canada as to the outlook we have in New Brunswick. After all, we are pretty solid citizens down there and we do not tackle anything unless we have a pretty good idea that we can carry it out.

The Beechwood project is the largest development that has ever been undertaken by the New Brunswick hydro commission and it was undertaken only after months and months of study and research. I would like, as strongly as I can, to impress upon the members of this house that I think they will find if they will look into the records that the project about to be completed—or that part of it which includes the two units—has been approved by the power corporation, by H. G. Acres and Company Limited and by the chairman of the Canadian section of the international joint commission.

It has been approved, and the New Brunswick hydro commission was given the go ahead for that part of the project as a sound economic development. So all those arguments which strive to indicate that because we cannot at the moment secure the rights from the state of Maine and from the province of Quebec and settle the great problem of flowage everyone should keep their hands off Beechwood do no good for New Brunswick and no good for Canada.

This present policy is, if I understand it correctly, one of the first steps of the new government in the development of a natural resources policy which this country has so far lacked. All through the negotiations which were carried out between the provinces and the federal authorities there has emerged now and again a very good reason why the federal government did not back the province, and this was because they had no national development policy on which they could justify their claims.

I should like to refer to a letter dated February 3, 1954 from the federal authorities to the comptroller general of the province of New Brunswick in which the deputy minister of finance told the comptroller general:

> Confirming our telephone conversation we have, as you know, given long and careful consideration to your proposals regarding federal assistance to the government of New Brunswick in financing the development of hydroelectric power on the Saint John river. I am now directed by my minister to say that he has reviewed this matter with his colleagues, and the conclusion has been reached that it would not be right or proper for the federal government to provide funds by loan or otherwise for the development of natural resources along the lines you suggest.

Mr. Lesage: Mark those last words.

Mr. Montgomery: I certainly do mark those last words, and I tell the hon. member that the people of New Brunswick have got those last words underlined. If I had wanted to play politics, or try to do anything funny, I would leave them out; that is what hon. members on the other side usually do.

If my hon. friends want to look up *Hansard* for a few years back they will find it recorded that the former minister of finance, Mr. Abbott, made a statement in this house while sitting on this side of the chamber that it was not the policy of the federal government to finance any project for a provincial authority which they should finance themselves and pay for over a period of years. In other words, that statement was right in line with this letter. There was no federal natural development policy available on the basis of which the government could see their way to giving assistance to a province. Therefore they did not do so. They never provided any assistance in this regard, either to New Brunswick or to any other province. The step which the government is now undertaking is a step toward the development of the type of policy which I believe will, as it unfolds, offer every province a chance when it has a proposition

which is sound economically, feasible of accomplishment and able to pay its way. That is exactly what we have in the Saint John river hydro development at Beechwood today.

This project was begun on June 11, 1955. Before proceeding further I will say that ever since that day the people concerned with the project in New Brunswick, both the federal authorities and the hydro authorities have tried to keep politics out of it. At no time, in my view, have they ever originated the idea of making this a political football. On the occasion of the opening ceremony the federal government was represented by the former minister of trade and commerce, the Right Hon. C. D. Howe. Also present was chairman of the Canadian section of the international joint commission, General McNaughton; officials of the hydro electric authority of the state of Maine, members of the government of the province of New Brunswick and, in addition, distinguished members and leaders of the opposition at that time, along with members of the New Brunswick power commission. All these people took part in this opening ceremony. It was not a political occasion.

Moreover, as I understand it, since 1953 when the new government came into power in New Brunswick the opposition in New Brunswick, which comprised the remnants of the Liberal party, supported this proposal; as far as I know they have never opposed it; it has been non political.

In addition to receiving the support of all these public men, this tremendous undertaking was brought into being at a time when the province was just recovering from a period of financial difficulties which had lasted for several years; I am referring to 1953 and 1954. And if ever a province needed assistance, New Brunswick needed it then. At that time the federal authorities gave encouragement to those in the province with whom they were in contact. They never refused to discuss this question, and that is borne out by all the correspondence which has been conducted between the authorities. The matter was on a basis of discussion, and I do not think any one can deny that discussions were carried on freely. I do not think anyone can deny that the federal authorities encouraged New Brunswick to proceed, as this was a solid project from the economic viewpoint.

However, the federal government always stopped short of saying, "We will back your bonds or supply money at a certain rate of interest," or something of that nature. It stopped short of the financial assistance which was the final step needed to be taken to help us out. The lack of such backing would have discouraged many public men. Fortunately, however, a new government had recently been put in charge of our affairs in New Brunswick. It was a government of young businessmen who had faith in the future of New Brunswick and who tackled their work with vigour, confident that something could be done for New Brunswick. In addition to that they conveyed that feeling of enthusiasm to the people of the province as has been so ably demonstrated since that time. Thus it was that on June 11, 1955, when the first blast was set off, many thousands of people gathered at Beechwood to watch the opening.

What I am going to say now I say with all sincerity because I was present at that opening and spoke to many of the people who were gathered there. The people who spoke to me expected me to have the answer but I did not and of course the answer they were looking for did not come. The Right Hon. C. D. Howe was present on that occasion which was very encouraging to the people of New Brunswick when they gathered there that afternoon. When they saw the federal minister in attendance they were sure that before the meeting was over he was going to announce that the federal authority had decided to back the project but they went home disappointed. Perhaps they were not justified in their expectations but they did know that negotiations had been proceeding and many of them being supporters of the Liberal government were certain he would make the announcement because it was one of the first and biggest projects New Brunswick had undertaken that would benefit the province as a whole and would assist the future of our mining, lumbering, pulpwood and paper industries.

No announcement was made and so the New Brunswick hydro commission backed by the provincial government went ahead with the project. As you have heard today two units are now operating and the project has become an integral part of the support of our whole economic system, a necessity to the encouragement of mining expansion and the establishment of new industries. I am under the impression that General McNaughton advised the external affairs committee that there has already been a hookup with the hydro system of the state of Maine and this integration is of importance. Nevertheless the completion of this project by no means represents the fulfilment of our hydro development requirements in New Brunswick. I am not going to take time to labour the point because it is generally known and has already been stated by the hon. member for Charlotte that the cost of the development of power from the first thermal plant was extremely high and it

continues that way. In a province like New Brunswick or in any other small province that has very little potential hydroelectric development the cost of thermal electrical development is very expensive, but if you mix the two you can possibly arrive at the best average price. The greatest cost is the initial expenditure and there is the cost of repair and so on but ten years from now the cost may be quite different.

I do not think it is necessary to labour unduly the arguments in support of this resolution. I have been a member of this house for five years and during that time the question of hydro development in New Brunswick has often been discussed. In that period of time I have witnessed a significant change in the attitude of hon. members from other than the Atlantic provinces towards those of us who come from the maritimes. In 1955 and 1956 private members on all sides of the house were speaking on our behalf in an effort to impress on the federal government that the maritimes deserved assistance. Many hon. members who sat or who now sit in these benches came to me and discussed the question of hydro power in New Brunswick and were very sympathetic toward us. Some hon. members are not here today because they have passed on or have fallen by the wayside but their sympathetic attitude lingers after them and I believe the majority of hon. members of this committee today regardless of what province they come from are sympathetic toward us in the maritime provinces. They realize we are backward in our development in some respects and most of them are prepared to support us in trying to bring the standard of living in the Atlantic area in closer relationship to the standards enjoyed in other provinces.

Mention has been made today of the attitude held by some hon. members that the present interest rate is not going to provide cheap power. I do not think I am unfair when I say that if the previous federal government had adopted a policy under which it could have acted it could have backed the province of New Brunswick in 1954 and 1955 when these demands were made. It could have assisted the Beechwood development and financed it at an interest rate much less than the present 4⅜ per cent. At that time the government could have arranged a loan at an interest rate more favourable than the rate under with the government must operate today. I do not think that we in New Brunswick expect the government to lend money to the province today at a cheaper rate of interest than that at which it can borrow but two years ago the federal authority was able to borrow money at a cheaper rate than is possible today. If negotiations had been concluded and the federal government had come forward and offered a loan at cost plus administrative charges I am sure the interest rate would not have been more than 3½ per cent and perhaps not that much and I feel sure that the province of New Brunswick would have gladly entered into an agreement. But the two governments did not seem able to get together.

I do not think it is fair to blame the province of New Brunswick. In all fairness I feel that the fault lay in a lack of policy because from my own experience in the house I believe that many members who supported the government of the day were sympathetic and felt that something should be done. As a matter of fact I have talked with them. Of course it may be the case that a government cannot always put something like this into operation unless it feels it has a sound reason for advancing it. No government had ever been in power so long without having a policy and I suppose the government of the day felt it could not establish a policy for New Brunswick.

On behalf of the people of my constituency and my province I want to say again that we appreciate the fact that the new government has given early recognition to our need. I do not think the government is going to go overboard and give us everything we want, but to me this is the first stepping stone in the development of a policy which will not only help us but will help other provinces as well. I hope that members of the house will support the legislation and I feel that they will.

Mr. MacEachen: Mr. Chairman, the purpose of the resolution is very clear and simple. It will have two effects; first, to reduce the interest obligations of the provincial government of New Brunswick and, second, because of that reduction to reduce the cost of the generation of electricity by the Beechwood project. As the hon. member who has just taken his seat pointed out, during previous sessions a desire has been expressed by members from the Atlantic provinces for policies which would result in the development of cheaper electricity in that area, and we did have a response to that last spring in the budget of Mr. Harris. However, the resolution to follow the present one will provide a better opportunity to compare that proposal and the proposal that will be under discussion.

I find it rather difficult to approach a discussion of the resolution now before us because an examination of the economic

merits of Beechwood cannot lead to anything but futility on the part of the House of Commons inasmuch as we are asked to examine the merits of a project which is now completed and in operation. The House of Commons is asked to share retroactively in the responsibility for a decision taken in 1955 by the government of New Brunswick. At this moment some years later we are asked to share in that responsibility and to approve, as it were, without an opportunity to have any real effect on the decision then made. We have been presented today, Mr. Chairman, with a number of arguments that might have changed that decision if the House of Commons had had the opportunity to pass judgment on them.

For example, the hon. member for Charlotte pointed out that the proper development of Beechwood might and apparently does involve co-operation with the United States and the province of Quebec, and if that is the case then the House of Commons at the time of the origin of the project might have had an opportunity to deal with that matter. We are asked to deal with an omelet that is now presented to us.

However, while that is true it is not the main source of difficulty for me. This resolution having to do with the development of hydro power in the province of New Brunswick is followed on the order paper by another resolution dealing with the development of thermal power in the Atlantic provinces as a whole. One block of electricity is to be developed through hydro power and another block of electricity in the same region is to be developed through the use of coal.

The presentation of these two companion resolutions reveals to me the inconsistent attitude which the government is taking toward the coal industry in the Atlantic provinces. The hon. member who just took his seat asked members of the house to support this resolution and certainly I have given some consideration as to whether I should support the resolution because of the effect which this development will have upon future markets for coal in the province of Nova Scotia.

I am, of course, sympathetic to the development of New Brunswick in any shape or form but I am also conscious of the responsibility which I, as a member from Nova Scotia, have to promote those matters that are of assistance to the coal industry. I should like to know from the Minister of Finance or from the Minister of Northern Affairs and National Resources how many tons of coal would be used annually.

Mr. Fleming: Mr. Chairman, I think my hon. friend will realize he is now entering into the subject matter of the following resolution. There will be plenty of opportunity to take up any questions pertaining to thermal power on that resolution. It is the next item on today's order paper.

Mr. MacEachen: Mr. Chairman, I understand the point of view of the Minister of Finance but my attitude to the resolution now before us must be based on information which has to do with the alternative production of electricity. I could not, for example, easily support this resolution if the Minister of Northern Affairs and National Resources presented information to the house showing that this electricity could be produced as well and as cheaply from coal. That is the type of information I am seeking from the Minister of Northern Affairs and National Resources. If we are not permitted to discuss alternatives to this particular possibility, then I think the discussion is quite futile.

Mr. Fleming: Perhaps my hon. friend will permit me to suggest this to him. We are on the resolution stage. If in the course of the discussion of the other resolution there are any matters that he thinks are relevant to the debate on second reading of the bill concerning Beechwood, I suggest it is the proper course to raise them then, but I think it is not relevant to the resolution now under discussion to go into the question of the cost of thermal power for the very simple reason that we are not now at the stage of choosing an alternative. As the hon. gentleman has indicated, here is a virtually finished project. It is no longer a question of choosing an alternative. My hon. friend will have the fullest opportunity to ask questions of my colleague, the Minister of Northern Affairs and National Resources, about the development of thermal power on the next resolution to which the subject of thermal power is directly related.

Mr. Pickersgill: I should like to say a word on the point of order raised by the Minister of Finance. Surely the only purpose of these resolutions preceding money bills is to enable hon. members to make up their minds by hearing debate as to whether or not this is the most suitable way of spending the taxpayers' money or whether some alternative way is more suitable. If the Minister of Finance is seeking to restrict the debate on these resolutions preceding money bills to the strict terms of the resolution and to exclude discussion of alternatives, there is no purpose whatever served by these debates. It seems to me, from all the observations I have made of this house over 20 years and during four years as a member of it, that this is the first time I have ever heard of

this new attempt to restrict the debate in committee on a resolution preceding a money bill.

Mr. Fleming: The hon. member's memory must be failing him and I think upon reflection his statement will appear to him to be far from the fact. There are on the order paper today two resolutions. There is the one now under discussion which reads as follows:

That it is expedient to introduce a measure to authorize the Minister of Finance to make loans, out of the consolidated revenue fund, to the government of New Brunswick, not exceeding thirty million dollars, in respect of expenditures for the development of hydroelectric power at Beechwood on the Saint John river.

There is nothing said in that resolution about thermal power. The following resolution, upon which I hope the house will be in committee shortly, does read as follows:

That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects, and in the control and transmission of electric energy, and including provisions for the payment of a subvention on coal used in the production of electric energy.

The purpose of this procedure of having money bills preceded by resolutions considered in committee is to afford hon. members the fullest opportunity to obtain all information relevant to the subjects involved. What I am pointing out to my hon. friend is that the matter upon which he now wishes information is something relevant to the following resolution, and not this one. The proper course for him, if I may say so, Mr. Chairman, is to ask these questions of my colleague the Minister of Northern Affairs and National Resources on the next resolution, and not to ask them of me on this resolution.

Mr. Pickersgill: If I may just say one more word, I should like to thank the minister for reminding me of the word "expedient". That is precisely the point. What we are trying to do is decide whether it is expedient to do this or not to do it. Surely when the hon. member for Inverness-Richmond says that before he can properly make up his mind he wants to know whether the amount of power produced by Beechwood could be produced more cheaply by coal, he is entitled to know that. The question relates to this resolution and has nothing to do, even remotely, with the other.

The Chairman: I would suggest that the resolution before the committee deals with the financing of the project. I do not think the production of power through the use of coal comes within the terms of this resolution.

[Mr. Pickersgill.]

Mr. Lesage: May I, with all due respect, ask for a clarification of your ruling? This morning when I discussed this matter I said, and this will be agreed upon by everyone, that the power coming from Beechwood is far from being firm power. At certain times of the year the Saint John river at Beechwood is dry and the power has to be firmed up through the use of thermal power. It is important, in reaching a judgment on the economics of Beechwood as it is now, with two units and without storage, to know what the cost of thermal power will be which will firm up the power at Beechwood. Then, too, we should know what the cost of thermal power would be compared to the cost of hydroelectric power from the two first units at Beechwood.

Mr. Fleming: Mr. Chairman, that is the very sort of information that I think is quite properly relevant to the next resolution.

Mr. Lesage: No, to this one.

Mr. Fleming: The next one, Mr. Chairman. My hon. friends should have all the information they require, but surely that kind of information is relevant to the next resolution.

Mr. Lesage: On the point of order, Mr. Chairman; I am speaking of the economics of Beechwood itself. I am not talking about the program for thermal plants in the Atlantic provinces, which is the subject of the other resolution. I am talking directly about the economic soundness of having only two units at Beechwood.

Mr. Pickersgill: And so was the hon. member for Inverness-Richmond.

Mr. MacEachen: I think it would be very difficult, certainly for the members from coal mining areas in the maritime provinces, to discharge their responsibilities on this particular resolution without knowing whether this particular block of power of 3 million kilowatts per annum could be produced as cheaply or more cheaply from coal than from hydro sources.

Mr. Brooks: I wonder if I could ask the hon. member a question. I am not admitting that the power could be produced cheaper by coal because I do not think it could, but supposing it could, is he suggesting that New Brunswick scrap Beechwood and use coal in producing the amount of power Beechwood would produce? Is that his suggestion?

Mr. MacEachen: No, my desire to get information on this point is not for the purpose of making suggestions to New Brunswick as to what its course of action should be, but to determine what my course of action should be as a member representing a coal mining

Mr. Chairman, and I have never yet seen the chairman of the committee of the whole have to subside in his chair because a member who is reading remarks that are out of order waved his hands at him. I think the hon. member should be told to throw away his text and to make his speech as he should without its aid and to remain within the rules.

The Chairman: I think the hon. member will follow my observations.

Mr. Coates: I feel that we in the maritime provinces are entering a new era—

Mr. Nicholson: Mr. Chairman, I think you should comment on the point of order raised by the hon. member. When you rose to give your ruling I think it was improper for you to be waved down to your seat by the member who was speaking and for the chairman of this committee immediately to take his seat. I think it is discourteous to this chamber to have this conduct.

The Chairman: I do not think it was a point of order. The hon. member was just saying that he would resume his seat presently.

Mr. Coates: I feel that we in the maritime provinces are entering a new era, an era which will bring us nearer to that position we held in 1867 in relation to the rest of Canada. I certainly believe it would never have resulted under any other government. The Prime Minister was to the maritimes in 1957 what Sir John A. Macdonald was to Canada in 1867. He substituted a financial transfusion for tolerance.

Mr. Lesage: Is the Minister of Finance going to answer the questions I asked this morning?

Mr. Fleming: Mr. Chairman, there are one or two facts which I think should be made clear in regard to the further information sought by my hon. friend.

Mr. Lesage: I am sorry I did not hear exactly the words of the minister.

Mr. Fleming: The present resolution and bill, Mr. Chairman, are not designed primarily to reduce the cost of Beechwood power. They will have that effect; the resolution and bill will certainly have that effect—but that is not their primary purpose.

The policy of the government respecting Atlantic power costs comes under the next item on the order paper and there will be full opportunity to deal with it there. The present resolution and bill are designed to surmount a particular problem of financing. The federal government is not proposing and is not asking the house in this resolution to lend money or to authorize the lending of money on the security of the Beechwood project. What the house is being asked to do is to approve a loan to the government of New Brunswick the reason for which is to assist that province to finance the cost of the project already incurred amounting to approximately $30 million.

Mr. Pickersgill: In other words, it is refunded.

Mr. Fleming: No, it is not refunded; that is not the word.

Mr. Pickersgill: Would the hon. gentleman define exactly what he means.

Mr. Fleming: The fact is that the project has thus far been financed by loans from various banks to the power commission of the province. These are demand loans—the usual bank demand loans—and there is also one loan by the province to the power commission. This present resolution contemplates the introduction of a bill to enable the province to meet the need of funding that obligation of approximately $30 million. I do not think any hon. member is suggesting that it is a practical proposal that the province should be now expected to go into the money market to raise $30 million on an issue. Those are the facts which I think, if I may say so, should guide hon. members in their approach to this present resolution. The financial aspects are those which are germane to the question which now has to be decided by the committee.

The questions in regard to cost or the comparisons of the cost of generating by different forms of power, whether it be by water on the one hand or thermal on the other, relate to the next resolution rather than the present one. We are now dealing with a project which is completed or virtually so, and I would ask hon. members to defer these questions concerning the development of thermal power until the next resolution which directly raises the whole question of the development of power in that manner in the Atlantic provinces.

Reference was made to the fact that there are two units on the Beechwood project. No. 1 is now in operation on a 10 per cent load factor and is producing between 820,000 and 840,000 k.w.h. per day at the present time. All these are questions which ought to be raised on the next resolution. The house has to decide now whether, having regard to the fact that this project is virtually completed—

Mr. Cannon: Would the hon. minister permit a question?

Mr. Fleming: May I finish my sentence. While the cost has been met by the power

commission, it is simply in the form of demand loans almost entirely from the banks and the problem as to the funding of that cost has now to be met. It is not within the capacity of the province of New Brunswick to place an issue of that size on the financial market at the present time.

Mr. Cannon: Would not the hon. minister admit that if the second resolution were not on the order paper—and after all we are only discussing one resolution at this time—it would be in order to discuss all these matters which the minister has said we should not be discussing this afternoon. Should we not take these resolutions one by one and should we not discuss this one as if the other were not on the order paper?

Mr. Fleming: I quite agree that the issue as to what is germane to the present resolution is not to be determined simply by the fact that there is another resolution on the order paper but I might point out to my hon. friends that these questions which have been raised do not relate to the present resolution. They obviously relate to the following one. Questions have been raised about alternative methods of generating power—about power generated—from thermal sources. Such questions do affect the next resolution and not this one.

Mr. Lesage: Would the minister permit a question? Is he not agreed that the question I have asked about the cost of power to be produced at Beechwood from the two units is very relevant to this resolution and that it has nothing at all to do with the next one.

Mr. Fleming: Mr. Chairman, with respect to that question I would not have thought that—

Mr. Lesage: That was my main question.

Mr. Fleming: I did not think my hon. friend would be raising that question.

Mr. Lesage: I did raise it this morning.

Mr. Fleming: Very well, Mr. Chairman, my hon. friend has asked that attention be drawn to the calculation that appeared in an answer given in *Hansard* at page 2831 which reads:

1. Assuming a production of 300 million k.w.h. annually and the borrowing rate of 6 per cent on the $29 million, the cost of power produced by the present Beechwood plant would be of the order of 7 to 7.5 mills per k.w.h.

2. This cost could be reduced by approximately 1.2 mills per k.w.h. by loans from the federal government at a lower interest rate.

As I took his question it was this: If you do not assume a production of 300 million k.w.h. annually—

Mr. Lesage: I did not say production. I said utilization which is quite different.

[Mr. Fleming.]

Mr. Fleming: It does not require very much arithmetic, I would think, to know that if you assume a 55 per cent load factor the effect that is going to accrue from the present resolution will be correspondingly larger—

Mr. Lesage: Lower.

Mr. Fleming: —in the form of reduced costs relatively, but the relationship of the two schemes of power development and the possibility of integrating the use of power from the Beechwood project with power developed from thermal sources is something that will arise in the next resolution.

Mr. Lesage: No.

Mr. Fleming: We are dealing here with this one question, I take it, as to whether it is proper for the federal government to assist the province of New Brunswick in financing this obligation which has been incurred by the province through its power commission on a project that is now completed or is virtually completed. No one will deny that if the load factor is reduced—if you are figuring, for instance, on 180 million instead of 300 million kilowatt hours—you will have corresponding increases in your mill cost.

Mr. Lesage: That is clear.

Mr. Fleming: No one can question that. But if the hon. gentleman wants to go into the question of a comparison of those two types of generating power and the possibility of integrating them, then I suggest the place to do that would be on the next resolution. There will be full opportunity because the next resolution obviously contemplates the integration of the two types of power. There will be very great advantages in the integration of these two types of power, and Beechwood will be of very great assistance in that respect. The hon. gentleman is aware —I do not know whether all other members are—of the fact that the costs of the two types of power are built up in two quite different ways. Obviously, in the case of thermal power—

Mr. Lesage: The cost of the fuel means more than the capital cost.

Mr. Fleming: While in the case of electric power once you have paid for construction it is a matter of maintenance costs and depreciation.

As to whether this project is a sound project, I had not expected the hon. member for Montmagny-L'Islet to raise this question because it has been acknowledged in this house times without number by the former government of which he was an active member that the Beechwood project was a sound project. As a matter of fact the position

area in this House of Commons. It would be rather inconsistent and ridiculous for me to approve any measure before the house calling for an expenditure of public funds for the development of electricity, if that same electricity could be provided through the use of coal, from the hardpressed collieries of Nova Scotia. That is the very point I had in mind. Tomorrow, or perhaps even today, the minister will be telling us to what extent assistance will be given to the movement of coal for the generation of electricity in thermal plants.

I want to ask him, Mr. Chairman, in giving me this information, what the mill rate would be for a thermal plant in Saint John producing electricity from coal, given the same rate of assistance that will be given under the provisions of the next resolution? When that information is given to the house I will be in a position to determine my attitude to this particular resolution.

I believe it is rather confusing to deal with two companion resolutions dealing with the same area, one calling for an expenditure for a loan for the development of hydro power and the other calling for the expenditure of funds for a development of thermal plants. I think that if we get the proper information it will be helpful in reconciling the difficulty in my own mind. In so doing, I hope I will not do anything that will interfere with the welfare of New Brunswick or anything will be inconsistent with the welfare of my own constitutents.

Mr. Brooks: You are expecting to sell coal to New Brunswick.

Mr. MacEachen: Yes, that is the point.

Mr. Brooks: We also have coal in New Brunswick.

Mr. MacEachen: The miners at Minto may also be interested in the point of view I am putting forward. Perhaps it would be a better Beechwood for the miners at Minto if coal were used. However, that is not the point. The point is that I am interested in the difference in cost between these two sources.

Mr. Brooks: I should like to ask the hon. member this question, if I may. Does he agree with his colleagues who have already spoken advocating the full development of the Saint John river, which would mean that there would be no coal used from either Nova Scotia or New Brunswick? This was advocated by the hon. member for Charlotte and the hon. member for Gloucester. I am sure that would not appeal to the hon. member.

Mr. MacEachen: Any consideration—I will say this quite candidly—that affects harmfully the market for Nova Scotia coal will not appeal to the member for Inverness Richmond, even though proposed by my gooc friends from New Brunswick.

I just have one more point to make in connection with this particular resolution and that is this. How will this apply to the province of Nova Scotia? This is something that I believe the Minister of Finance will agree comes squarely within the terms of the resolution. We are told that the Beechwood project was commenced in June 1955. I believe that within the same period the province of Nova Scotia, through its publicly operated utility the Nova Scotia power commission, also undertook the development of power installations. I wonder—and this is a very simple question—whether similar loans or similar terms would be extended to the province of Nova Scotia for similar development if a request were made in a manner similar to that of the province of New Brunswick.

Mr. Fleming: I think my hon. friend will recall that a similar question was asked of the Prime Minister on November 22, 1957, as recorded at page 1405 of *Hansard*. There was a series of questions on the subject. The first question was:

1. Are loans based on the principle applied to the Beechwood project to be available only for projects in the Atlantic provinces?

The answer was no. The second question was:

2. If not, will all provinces qualify?

The Prime Minister said:

The answer is that any province that has a project for which there is an equally good case could qualify in respect of that project.

Mr. MacEachen: Would that apply retroactively?

Mr. Fleming: That question was not asked.

Mr. Lesage: Oh, yes.

Mr. Pickersgill: The hon. gentleman should look at question No. 4.

Mr. Fleming: I would ask my hon. friends to permit me to make my remarks.

Mr. Pickersgill: They were my questions.

Mr. Fleming: Oh, yes. The hon. member for Bonavista-Twillingate will be given full credit for asking his four questions. But if he does not mind I should like to be allowed to continue; I have read questions No. 1 and 2 and have quoted the answer by the Prime Minister to them. The hon. member for Inverness-Richmond has asked, "Does that apply retroactively?" The questions that I have now read and the answers given do not raise the question of retroactivity. Question No. 3 simply asked whether the terms were

available to private companies and the answer was no. Question No. 4 was as follows:

4. Are such loans available only for new or uncompleted projects or will they be available for refunding obligations of established power projects in the Atlantic provinces?

The Prime Minister's answer was that they would not be available for refunding obligations.

Mr. MacEachen: The operative word seems to be "refunding". The Minister of Finance attached to the term "refunding" this morning a particular meaning which did not seem to apply to the type of activity that was undertaken by the government of New Brunswick in repaying its bank loans. Suppose the power commission of the province of Nova Scotia had financed its development in precisely the same way as has the government of New Brunswick. Would terms similar to those provided in this resolution be available to the province of Nova Scotia?

Mr. Fleming: My hon. friend would not expect me to deal with a situation until it arises. He has had the general statement of the Prime Minister in reply to the four questions put by the hon. member for Bonavista-Twillingate.

Mr. MacEachen: I just want to conclude my remarks by saying that I would have expected that there would be a particular policy the minister could outline and that these projets would not be treated on an ad hoc basis. I certainly think we should know, as members from Nova Scotia in this parliament, whether the development in that province is to be given the same treatment as the development in New Brunswick. That is the only point I am making.

Mr. Coates: Mr. Chairman, representing the only Nova Scotia constituency which borders on the province of New Brunswick, having attended a university in that province for three years, and having as my better half what I consider their finest export, it is with deep sincerity that I rise in support of this resolution. My wife's home is situated very near this great project, a mere sixteen miles west, in the centre of that province's great potato industry. On many occasions I have driven past this great project and never ceased to marvel at its size and what it means to that province. This was a project which the government of the day could very easily have turned its back on, through lack of support, by the then federal government, but it did not do so; it took the bull by the horns and started out on its own. Of the fact that its problems were many, there is no doubt; but the initiative and determination were there, and the job was done.

[Mr. Fleming.]

To many in Canada, viewing a project of this type would not occasion a second look. But we in the east are not accustomed to seeing projects of this scale attempted; at least, shall I say, we were not until we decided on parties that believed we had the goods and could do the job. The fact that this is only the first link in the complete hydro development of New Brunswick makes this all the more significant.

New Brunswick is indeed fortunate that they have the potential hydro development available. We in Nova Scotia have depleted a large part of our hydro resources and those remaining are receiving active consideration at the present time. We have in Nova Scotia, however, millions of tons of coal which will in the near future, and under a resolution to be introduced here in parliament later today, supply our province with thermal power, our mines with markets, and our people with an ambition that has lain dormant for a great many years.

While speaking on the matter of coal, might I bring to the attention of this house a discrepancy in the Montreal engineering report which to any person in my constituency is indeed grave. I refer to its statement of the coal reserves in the Springhill area. Might I bring to the attention of this house those figures and the figures of an earlier report on these reserves, so that you may better understand the confusion of my constituents.

The Montreal engineering report stated that there were between 6 million and 13½ million tons of coal in the Springhill area and a further 1½ million tons in the Joggins and River Hebert area.

The Chairman: Order. I would ask the hon. member to confine his remarks to the resolution before the committee. We are not discussing coal. We are just discussing the Beechwood project.

Mr. Coates: There is just one more sentence. May I just finish?

Mr. Nicholson: I rise on a point of order, Mr. Chairman. I think you cannot raise a point of order and have your ruling ignored in this way.

An hon. Member: Go ahead.

Mr. Coates: While the Carroll commission gave figures of 34,384,000 tons minable plus 89,040,000 tons recoverable in the same area. I feel—

The Chairman: Order.

Mr. Coates: I am almost through. I feel that we in the maritime provinces—

Mr. Cannon: I rise on a point of order. I have been in this house for quite a while,

taken by the former prime minister was that it was sound and that the government of New Brunswick could finance it. The soundness of the project as a scheme for the development of hydro electric power on the Saint John river was never questioned by the former government, as the record shows, on not a few occasions. May I remind the hon. gentleman that the man who turned the sod on this project was the Right Hon. C. D. Howe, and that in the course of his remarks on that occasion he praised the project. There was no suggestion at that time that there was anything unsound about it, or that the federal government of that day was telling the province of New Brunswick that it should be turning to the development of thermal power and abandoning the idea of developing hydro power on the Saint John river at Beechwood. Mr. Howe in his speech on that occasion on June 11, 1955, congratulated the premier of New Brunswick on pressing on with the project at Beechwood.

Of course, this is a free country and a free chamber, and the hon. gentleman is entitled to change his mind on this matter if he wishes, but I should think that in the light of the many statements and acknowledgments on the part of the former government that this Beechwood project is a sound project he would not now reverse his opinion and question the proposition; and I venture to remind the hon. member for Inverness-Richmond in reply to his observations this afternoon that this was the position of the former government, which he consistently supported, toward this question.

Mr. MacEachen: Would the Minister of Finance not agree that the statements made by the former minister with respect to Beechwood were always conditional upon the observation that the soundness of it should be determined by the capacity of the government of New Brunswick to finance the proposal through the banks?

Mr. Fleming: No, I do not think the hon. member is right in his suggestion. That is quite a different matter. The soundness that the former government attributed to the project was as a project for the development of power on the Saint John river, that is, sound from the economic point of view, by which is obviously meant that it would in time become a project which would pay for itself. That is a different matter altogether from the question as to whether at one particular time a province with little in the way of financial resources, such as New Brunswick, should be expected without any assistance from the federal government to go out and face the financial market with the need for raising $30 million.

That is the situation. We think this project is of general advantage; we make no attempt to hide the fact that we said so in earlier days in this house when the question was under discussion here and also in discussions between the former federal government and the provincial government. The former federal government was asked to give such assistance, and declined to give assistance in financing the project but at no time did it question that the project was a sound economic project which justified the province of New Brunswick in proceeding with it. I would again remind hon. members that Mr. Howe undertook to congratulate the government of that province on its courage in proceeding with the scheme.

Mr. Chairman, asking the committee as I do to give its attention to the essence of the resolution and its purpose I think the committee can be satisfied now to give leave to introduce this bill, and that it can reserve questions as to the development of different forms of power in the Atlantic provinces and the integration of that type of development with the Beechwood power project until we come to consideration of the following resolution.

Mr. MacEachen: Mr. Chairman, will the Minister of Finance assure me that the information I requested will be forthcoming in the discussion on the next resolution?

Mr. Fleming: Will the hon. member state precisely the point he has in mind?

Mr. MacEachen: The particular question is: if this particular bloc of power were developed from thermal sources—from coal —given the same type of additional subventional assistance, what would be the cost as compared to the cost shown in the answer which the Minister of Northern Affairs gave to me some days ago?

Mr. Fleming: I think that question is related to the next resolution.

Mr. MacEachen: And it will be answered?

Mr. Fleming: As far as the resources of the government can provide an answer, yes.

Mr. Lesage: Mr. Chairman, the Minister of Finance has just said that the members of the previous government and I in particular had always approved the Beechwood project and considered it economically sound. He has referred especially to remarks made by Mr. Howe two years ago. I wish to remind the Minister of Finance through you, Mr. Chairman, that in all the representations

which were made to the government of Canada in 1953 and in later years, and in all the conversations which I have had with the premier and other members of the government of New Brunswick, and in the discussions of the officials of the department while I was a member of the government, with officials in New Brunswick, on the subject of Beechwood, the project was always to have three units at Beechwood coupled with 600,000 acre feet of storage to regularize the flow of the Saint John river. It is impossible to have firm power on a run-of-the-river basis with only two units. And it is only on March 14 of this year, of 1957—

An hon. Member: Last year.

Mr. Lesage: On March 14, 1957, this spring.

An hon. Member: That is last year.

Mr. Lesage: Oh yes. Anyway, I should forget that year 1957. This is a new year. It was only on March 14, 1957, that the premier of New Brunswick advised me that it was impossible to obtain economic storage on the Tobique river. I had known for some time that efforts made by the government of New Brunswick to obtain storage in the United States in Maine and in the province of Quebec had not been successful.

The government of New Brunswick through its premier and officials represented that it was pretty well convinced that it could find the necessary storage on the Tobique river. A survey was made and I read into the record this morning a portion of the report of the chief engineer of the New Brunswick electric power commission to the chairman, Mr. Fournier, saying it was impossible to obtain storage on the Tobique. Since March a new problem has emerged with a new economic facet. It is to operate two units only until it is possible to obtain storage in the state of Maine or the province of Quebec and heaven knows when that might be. We have only two units at Beechwood with a maximum capacity of 355 million kilowatt hours operating on a 50 per cent load factor according to the report of Montreal Engineering.

I would like to know, and it seems to me it is an important consideration in reaching a decision as to how to vote on this resolution and the bill to follow it, what will be the cost of power coming from Beechwood? Would it have been more profitable to instal thermal plants to generate the amount of kilowatt hours that will be obtained from the two units at Beechwood on a run-of-the-river basis? This is essential. The Prime Minister said, as recorded at page 1405 of *Hansard*, that New Brunswick "had made a good case".

It is quite all right to say that and I certainly hope that New Brunswick has made a good case but one of the first considerations in judging for ourselves whether or not it has made a good case is to know if the cost of power is going to be less from Beechwood than from thermal plants; otherwise the government would be asking us to vote for the financing of a project which might be uneconomic. It seems to me it is elementary that the government should prove to us that this project, even with only two units on a run-of-the-river basis, is economically advantageous.

Mr. Fleming: Is my hon. friend not aware of the opinion of General McNaughton to that effect?

Mr. Lesage: The opinion of General McNaughton, if I remember correctly, was that the two units would be first installed while the storage facilities were being developed. That is quite different. If it is a matter of only one, two or three years; that is completely different.

Mr. Brooks: Might I ask the hon. gentleman a question. Did not General McNaughton in his report state that it was feasible and practical for New Brunswick to develop Beechwood with its own storage and that it was not necessary for Beechwood to get any storage either from the state of Maine or the province of Quebec, that it was a practical proposition?

Mr. Lesage: I am sorry, I do not recall that. In what year was that, 1951 or 1952?

Mr. Brooks: It was when the international waterways commission made its report, I think about 1953 or 1954.

Mr. Lesage: No, it was before that I believe.

Mr. Brooks: Whenever it was made; it was made some time ago.

Mr. Lesage: As the Minister of Finance has said, the most important consideration when you deal with the cost of power in a hydro power installation is the amount of the capital outlay. The Minister of Veterans Affairs knows that the cost of completing Beechwood is going to be not far from double what was expected at the time of General McNaughton's report.

Mr. Fleming: Mr. Chairman, I do not think my hon. friend is right in saying that.

Mr. Lesage: It might be 60 per cent.

Mr. Fleming: I think my hon. friend had better qualify his statement some more.

Mr. Lesage: I said "approximately".

Mr. Fleming: Mr. Chairman, the situation is simply this. We are not sitting here as the government of New Brunswick deciding whether we should go ahead and carry out the Beechwood project development. We are sitting here as the parliament of Canada, acquainted with the fact that this project has been constructed, is virtually complete and that now the problem of financing arises. All that we are being asked to do is to provide financing for the province of New Brunswick to be repaid in eight annual instalments over the next eight years. I think hon. members are quite persuaded that the dominion government is going to be paid back this money, that there is no doubt from the federal point of view that this loan can be justified on its merits and that by lending this money to this province we are assisting the province in financing a very important project that is going to contribute substantially to development in that province. It is the policy of the government, and I hope it is the policy of the house, to assist in measures of this kind where the benefits are going to be widespread. It surely cannot be denied that the development of power in the province of New Brunswick is going to bring widespread benefits.

Mr. Lesage: What are the widespread benefits? That is the point.

Mr. Fleming: What are the widespread benefits? My hon. friend really surprises me in asking that question.

Mr. Lesage: That is the point.

Mr. Fleming: The facts are simply these, that New Brunswick does need power and here is a source of power.

Mr. Lesage: It needs cheap power.

Mr. Fleming: Yes, this is a source of cheap power and it is being generated by a scheme that has been regarded by the government of which he was a member and also by the experts as one that is economically sound.

Mr. Stuart (Charlotte): Mr. Chairman, I agree with the Minister of Finance when he says that this will be helpful to the province of New Brunswick. No one questions that it will be helpful, at least to the taxpayers, but in order to clear up the situation in so far as the stability or dependability of the source of power at Beechwood is concerned I would like to put on the record a comment made in the provincial legislature by the Hon. A. C. Taylor which is drawn from an authentic record. Mr. Taylor said:

> The flow records at Pokick, below Beechwood, show that from 1st July to 31st December 1955 (a six month period) there wasn't one day with a sufficient flow of water to run the two proposed 45,000 horsepower turbines at Beechwood at capacity. Not one day.
>
> During the same period of 184 days, there were 119 days when the volume of water was not sufficient to operate even one unit at capacity.
>
> Now I appreciate that last year was extremely dry. But who can foresee how often we may have dry years in the future? For the year of record ending on 30th September 1954 there were four months when the average monthly flow was below that required to operate two units at capacity. And that was a year of exceptionally heavy rainfall.
>
> For the year of record ending on 30th September 1953, there were nine months during which the average monthly flow of water was insufficient for capacity production of two units.

No one who lives in the province of New Brunswick would fail to agree with me when I say that last year we had several months when it would have been impossible for one unit to operate at capacity production. I agree that it was an exceptionally dry year but there were times last fall when you could walk across above the Beechwood project. The matters that have been brought to the attention of the minister are extremely reasonable in my opinion and the questions asked by my colleague to the right deserve to be answered.

I want to say one other thing and then resume my seat. There is one member of the cabinet of the former government with whom I discussed this question on many occasions. He made this statement publicly or I would not be referring to it here at this time. The Hon. Robert Winters informed me and said in the press that in his opinion Beechwood without storage rights was not economically sound. I have a copy of that statement in my office which I can provide to the minister if he would like to see it. That comment was made by Mr. Winters who in my opinion was an outstanding engineer so I know that at least one member of the former government held that opinion.

Mr. Brooks: May I ask a question. Mr. Taylor of course is not an electrical engineer in any sense of the word. Would the hon. member for Charlotte not agree that Mr. Taylor and his party in New Brunswick voted unanimously with the government of the Hon. Mr. Flemming for the development of the Beechwood project?

Mr. Stuart (Charlotte): I believe he moved an amendment at the time this matter was raised.

Mr. Brooks: Not the first time, but the second time.

Mr. Bell (Saint John-Albert): We all have second guesses.

Mr. Stuart (Charlotte): I am quite sure you will find that the Hon. A. C. Taylor moved an amendment that was voted down

by the majority in the legislature of the province of New Brunswick. I know Hon. A. C. Taylor's views in this regard and I know he has not spoken from a political standpoint because I have discussed the matter with him on many occasions. I also know the views of our old friend, Gaspard Boucher, who in my opinion had as much knowledge about the power potential in the province of New Brunswick as anybody I have ever known. He had made a complete study of the situation. Before he passed away I discussed the matter with him when he was a member of the House of Commons. He had a great deal of literature that he lent me at that time. He had exactly the same opinion. The opinions I have expressed here are based on the information I have obtained from those I believe to have great knowledge of the Beechwood project.

Mr. Pickersgill: Mr. Chairman, earlier today the Minister of Finance undertook that when he answered he would give me a definition of the word "refunding" as it is used in the Prime Minister's answer, and I have some observations I want to make based upon his definition.

Mr. Fleming: Mr. Chairman, I must begin by correcting the hon. member. I did not say I would give a definition. I said I would deal with these questions—

Mr. Pickersgill: Would the hon. gentleman do me the courtesy of giving me a definition?

Mr. Fleming: —in reply in relation to that and other matters he and other members were raising at the time. The hon. member is referring to the Prime Minister's answer to the fourth question asked. I would not say for one minute that the obligations incurred thus far in connection with the construction of this project have been funded. This is not in that sense a refunding operation. This is the first time there has been a funding in the sense of the word that I think is proper. The obligations that have been incurred have been by way of bank demand loans to the power commission, with the exception of one loan made by the government of the province to the commission. This is the first time that the obligations, aggregating with additional expenditures close to $30 million, will have been funded.

What the Prime Minister was dealing with in his reply to the fourth question was the possibility of someone coming along now and raising the matter of retroactive effect which was brought up by the hon. member for Inverness-Richmond. It is not intended that some authority which constructed a project a long time ago and would like to have some assistance now in carrying the financial burdens should come along now and say, "Well, this may be old but we would like to come in now and receive federal assistance in refunding so that we may change the basis; we have some market obligations now, bonds are due, and we want federal assistance in meeting those obligations." That is not the situation we are dealing with here. The situation we are dealing with here is an expression—

Mr. Pickersgill: I am not asking the hon. gentleman what the situation is.

Mr. Fleming: —of the policy of the government in the development of natural resources, and where we can in ways like this assist the provinces in the development of resources it is in accordance with the policy of the government to do so. Let me say that a full understanding of the policy of the government in the development of resources in this area will become clearer, I think, when the house has heard the discussion of the next resolution. It will see there how power development projects are to be integrated in the Atlantic area and how Beechwood fits in with that type of development.

But here we are dealing with a situation which is not the mere retroactive assumption of a burden by the federal government, as the hon. member for Inverness-Richmond suggested. From the time construction of the project was undertaken, indeed before it was ever started, it was the policy of the party that is now represented to the right of the chair in this house to assist the province in the financing of this particular project. This is not a case of taking up some project that was completed and is old and proposing some refunding of its cost. This is a fulfilment of undertakings given. This is a keeping of faith with the people of Canada and the province of New Brunswick as to the declarations we made and have made throughout the period that the project was under construction, yes and long before it.

Mr. Pickersgill: I should like to ask the minister another question. I am putting it in this form because I really do not want to waste the time of the committee by talking about something that is different from what the government understands it to be. I am trying to find out what the government really means. Am I to understand that if a project is started but is financed by bank loans or by loans from a provincial treasury it would fall within the ambit of this policy but that if it has already been financed by a bond issue then that is what the government

means by refunding? The dictionary definition of "refunding", which the hon. member for Montmagny-L'Islet was good enough to look up for me, accords exactly with my own view of what refunding means. It means that you will pay back any kind of loan. That is all there is in the dictionary. If the Minister of Finance or the Prime Minister have some special definition in mind I think the rest of us are entitled to have that definition so we will know what we are talking about. What I am anxious to find out, and I want to try to make it as clear as possible to the minister, is just what is included within the ambit of the answer to question No. 4 and what is not.

Mr. Fleming: I think I made it quite clear in my previous statement—

Mr. Pickersgill: It is not clear to me.

Mr. Fleming: —that here there is no *ex post facto* approval by the present government of this project. We were favourable to the policy that we are now expressing before the project was undertaken, and if the hon. member can duplicate the same circumstances with regard to any other project, then in the light of the first answer given by the Prime Minister, as found at page 1405 of *Hansard*, it will have similar treatment.

Mr. Pickersgill: Surely, Mr. Chairman, this is the most remarkable statement we have yet heard from a very remarkable government. The Prime Minister told us that loans based on the principle applied in the Beechwood project were to be available to all provinces. I presume the Prime Minister was not trying to mislead the house. I presume the Prime Minister was trying to give a straightforward, truthful answer that all of us could understand. He said that loans based on this principle were available to all provinces and that the provinces would have to meet certain conditions that were met by the Beechwood project.

When I try to find out what those conditions are the minister says there is no other project anywhere in Canada that can possibly be comparable—

Mr. Fleming: I did not say anything of the kind.

Mr. Pickersgill: Perhaps the minister would let me finish my sentence.

Mr. Fleming: Please keep to the truth.

Mr. Pickersgill: The minister implied, if I understood his words, that any project that had been fully financed could not qualify and obviously any project that has not been started cannot qualify because the minister said it had to be some project that his party had approved in the past. Therefore, this case is unique. There will never be anything like it. Is that a correct interpretation of the government's position?

Mr. Fleming: I cannot find anything correct in the statement the hon. member has made. It is a demonstration of pretty wild reasoning, the way he is jumping around—

Mr. Pickersgill: Would the hon. gentleman—

Mr. Fleming: —distorting statements I have made and then drawing the most fantastic conclusions from my alleged statements. I think he had better content himself with the statements I have made and ponder on them rather than misinterpret them the way he is doing now.

Mr. Pickersgill: I am very far from being finished, I am only just beginning to talk about this project in this free parliament where the minister was good enough to say we still are allowed to speak, so long as we confine our remarks within the very narrow limits defined by the Minister of Finance.

Mr. Bell (Saint John-Albert): May I ask the hon. member a question?

Mr. Pickersgill: Most certainly.

Mr. Bell (Saint John-Albert): How does the hon. member for Bonavista-Twillingate justify his position as Liberal whip for the Atlantic provinces and therefore speaking for all the Atlantic provinces, and his position of being against something that is for one of the Atlantic provinces? Secondly, how does he justify the statements of some of the Liberal members that this is nothing; it is a mere bagatelle and the Liberals would have done this and that and would have gone much further, and yet he is worrying about the fact that these other provinces might not be getting anything?

Mr. Pickersgill: Mr. Chairman, the hon. member for Bonavista-Twillingate is not the Liberal whip for the Atlantic provinces. He is the member for Bonavista-Twillingate and is speaking for his constituents just as the hon. member for Saint John-Albert is speaking for his. That is his first duty in this house. In the second place, I do not have to justify what any other hon. member says. He can justify what he says. In the third place, I have said not one single word to indicate whether I was voting for or against this resolution.

Some hon. Members: Hear, hear.

Mr. Pickersgill: I have merely asked questions. Like the hon. member for Inverness-Richmond, I want to know what we are

really being asked to agree to, and the government will not tell us.

Mr. Fleming: Nonsense.

Mr. Pickersgill: All we have been able to gather so far from the Minister of Finance, and I shall recapitulate what the minister said to the hon. member for Montmagny-L'Islet as faithfully as I can, is that the province of New Brunswick built this thing; you are not entitled to know whether it is efficient or inefficient; that is an unfair question. You are not entitled to know whether this power could be produced more cheaply as thermal power; that is no business of the House of Commons. You are to vote this money blindly. Why are we to do that? We are to vote this money blindly because New Brunswick went ahead and built this thing without financing it; now, they cannot finance it and we have to bail them out. Up to now that is all the Minister of Finance has asked us to do. I do not think it is good enough. I am just as anxious to do something for New Brunswick as any other member who does not represent that province.

Mr. Bell (Saint John-Albert): You better not come around at election time in New Brunswick.

Mr. Pickersgill: I might remind you, Mr. Chairman, that there are 255 members in this house who do not represent New Brunswick. Those 255 members not only are entitled, but if they are doing their duty conscientiously in voting public money they have an obligation to know whether or not that money is being used wisely and properly. They have an obligation also to know whether or not the same policy would apply in other similar situations, and what the government considers other similar situations are. That is precisely what I am trying to find out.

Mr. Brooks: You were not so fastidious when you were voting money for the pipe line in the west.

Mr. Pickersgill: I might say, Mr. Chairman, that most hon. members on this side of the house have no apologies to make for voting money for that great capital project which is one of the few things that is maintaining employment in this country at this time. Incidentally—

The Chairman: Order.

Mr. Pickersgill: Incidentally, it is certainly—

Mr. Pallett: It has not got as much gas in it as you have.

[Mr. Pickersgill.]

Mr. Pickersgill: Incidentally, it is a great national scheme and very different from anything we have been offered by this government. I think perhaps hon. members on the treasury benches particularly should be reminded, as I believe they were earlier in the day when I, unfortunately, was not in the house, by the hon. member for Gloucester, of the words in the speech from the throne. I read from page 6 of *Hansard* of October 14, 1957:

> My ministers believe that a national development policy carried out in co-operation with the provinces, and in the territories, is needed to enable all regions of Canada to share in the benefits to be realized in developing the resources of this great nation.

Then it goes on to include amongst those projects this Beechwood project. I should like to ask the Minister of Finance one very simple question, to which an answer of yes or no could easily be given, even by the verbose Minister of Finance.

Mr. Fleming: What about the verbose member for Bonavista-Twillingate who is asking the question?

Mr. Pickersgill: Is this Beechwood project part of this national development program?

Mr. Fleming: Yes.

Mr. Pickersgill: The answer is yes.

Mr. Bell (Saint John-Albert): Are you going to vote for it or against it?

Mr. Pickersgill: The hon. gentleman's curiosity will no doubt be satisfied at the appropriate time. Perhaps with that enthusiasm for human rights, which his party showed yesterday, he may allow me to exercise my rights as a member of parliament without his repeated interruptions.

Mr. Bell (Saint John-Albert): You mean we will know when your verbosity has run out.

Mr. Pickersgill: The Minister of Finance says that this Beechwood project is a part of the national policy. It does seem to me, sir, that if it is we are entitled to know, before we are asked even to make up our minds how we should vote on this resolution, what the rest of that national policy is. We are entitled to know how this is going to apply elsewhere. I tried to find out something about that by putting some questions on the order paper. They were not intended to be frivolous and I did not waste the time of the house by asking them on orders of the day. I gave the government plenty of time to prepare the answers. Those answers have been referred to several times, and they are going to be referred to by me several

times more. One question was, as reported on page 1405 of *Hansard* for November 22, 1957:

> Are loans based on the principle applied to the Beechwood project to be available only for projects in the Atlantic provinces?

The Prime Minister said that the answer was no. I believe that the minister should tell us, before we are asked to vote, what other projects there are to which this principle is going to be applied by the present government. I grant that they cannot foresee everything in the future, but surely they would not have put those words in Her Majesty's mouth if they had not had some meaning, some content. The only specific references that one can find in the speech from the throne are four. The references are to the South Saskatchewan, the Columbia, Beechwood and these thermal plants, not one of which is original at all. Every one of these suggestions was under consideration before the present government came into office. Furthermore, sir, they do not accord in any way with what the Prime Minister indicated before his election when opening the campaign at Massey Hall on April 25, 1957.

An hon. Member: Where is the red book?

Mr. Pickersgill: The red book is here, but I have lots more where this came from. He said:

> We intend to launch, in order to assure the economic development of this country, a national policy of development; in the northern areas it may be called "The New Frontier Policy" . . .
>
> We believe in a positive national policy of development in contrast with the negative, haphazard one of today.

Presumably this referred to the government that was then in office.

> We believe that the welfare of Canada demands the adoption of such a policy which will develop our natural resources for the maximum benefit of all parts of Canada;—

Now nearly seven months later the government finally gets around to bringing forward the first part of this national development program.

Mr. Fraser: It took the Liberals 22 years.

Mr. Pickersgill: What did we do in 22 years?

Mr. Fraser: Nothing.

Mr. Pickersgill: I will tell the hon. gentleman on another occasion about a few other things besides the St. Lawrence seaway which is bigger than all the things they have suggested or all the things they have even been able to make any suggestion about.

An hon. Member: What has that to do with Bonavista-Twillingate?

Mr. McDonald (Hamilton South): Did not the Conservative government in Ontario prod the Liberal government to go ahead with the St. Lawrence seaway?

Mr. Pickersgill: Perhaps the hon. gentleman who is a new member does not realize that on February 7, 1949 my right hon. friend, the hon. member for Quebec East, who was then prime minister of this country and who had only been prime minister for something under three months, went to Washington to confer with President Truman at the instance of no one but himself and I went with him. It was the right hon. gentleman who initiated the discussions with President Truman which broke the log jam over the St. Lawrence seaway.

Some hon. Members: Oh, oh.

Mr. McDonald (Hamilton South): Would the hon. member agree that the New York state power commission and the Ontario Conservative government helped just a little bit in prodding you, just a wee bit?

Mr. Pickersgill: We never pretended there was not co-operation. There was, I may say, most excellent co-operation over all that period between the federal government and the government of Ontario and indeed with the government of every other province. There was no attempt on our part to select provinces according to the political complexions of their governments.

Mr. Brooks: Might I just point something out to the hon. member?

Mr. Pickersgill: I do not mind a question by the hon. gentleman but I do not like his pointings out.

Mr. Brooks: May I ask the hon. gentleman a question?

The Deputy Chairman: Order. I think this debate has gotten pretty much out of hand.

Mr. Knowles (Winnipeg North Centre): It is degenerating into a debate.

The Deputy Chairman: Standing order 59, paragraph (2) reads as follows:

> (2) Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

All I would do would be to ask hon. members to bear that standing order in mind in the next few minutes. I think that after the next few minutes have passed and after hon. members have settled down we will have less trouble.

Mr. Brooks: I wanted to ask the hon. gentleman a question if he will permit me to do so.

Mr. Pickersgill: If it is a question, all right.

Mr. Brooks: My question is this. Is he not aware that the province of New Brunswick supported fully the St. Lawrence seaway although they do not expect to get any benefit at all from it?

Mr. Pickersgill: As a matter of fact, I think the members elected from the province of New Brunswick over the years as I have observed them in parliament—and I think most of them have been Liberals—have taken a national attitude and have supported everything that was good for the country.

Mr. Brooks: I am not a Liberal—

The Deputy Chairman: May I intervene for a moment. If anyone is desirous of asking a question of the hon. member who is speaking I wish that he would make his question strictly relevant to the subject under discussion.

Mr. Pickersgill: I appreciate very much your intervention on my behalf, Mr. Chairman, because I am trying very hard to be strictly and completely relevant to the resolution before the house.

Mr. Rowe: You have not succeeded very well in the last few minutes.

Mr. Pickersgill: I should like to take a moment to define again, if I may, what I consider is really relevant. We are being asked, as the Minister of Finance has admitted, to approve a bill to carry out stage 1 of the national development policy initiated in the speech from the throne. This stage 1 is entirely within the confines of one of the ten provinces. Two hundred and fifty-five of the members of this house represent the other nine provinces. We are being asked —and I take no exception to this—to vote a considerable sum of money,—by way of loan, it is true,—for this project. It seems to me that we are entitled to be told what up to now is the whole policy of the government which is to take the place of what the Prime Minister, before he was Prime Minister, referred to as the negative, haphazard one of the previous administration.

Nothing in the speech from the throne, or nothing that we have been told in the seven months in which this government has been in office, has disclosed any project whatever that was new or any suggestion of any project that was new. We have this Beechwood project which has been discussed for the last seven or eight years and which, as the Prime Minister said when he congratulated the premier of New Brunswick, had been completed some time ago. We are being asked to do what I would call refunding of the money spent on this project. The Minister of Finance quarrels with my language. He does so, I presume, because he does not want to admit that it is just as reasonable for the government of Nova Scotia to ask for the refunding of the loan for something they did a year or two ago as it is to ask for the immediate refunding of this one.

The effect of this loan will be to reduce the cost of power in New Brunswick to some degree. The minister himself admitted that. Why should we be asked to do that in New Brunswick and why should it be refused in Nova Scotia merely because the government of Nova Scotia more prudently arranged for a bond issue? Surely what the Minister of Finance has enunciated, if I understood him correctly, is that if a province goes ahead and does something imprudently and then finds it cannot float a bond issue itself, it is then our duty to do it for them; but if they are prudent and careful, as Nova Scotia was, and do it themselves, then they are not entitled to as favourable treatment. Is that the policy? It seems to me that what we have had so far are a few bits and pieces left over from before June 10 and that we should not be asked on this basis to approve this resolution without being told what else the government is going to do in this field.

I am particularly interested, of course, in knowing what the government intends to do about the province of Newfoundland. We are undoubtedly in more need of electrical development there than is any other part of Canada. There is no other province where there are more homes, in proportion to the total, without electricity. I do not think even the Minister of Finance would contend that the province of Newfoundland is in a better financial position to float a loan to develop electricity or indeed to reduce the cost of electricity that is already developed, because that is all we are doing here. We are not developing anything new; it is all completed. The Minister of Finance says it is in operation. We are simply reducing the cost of something that is already in operation. Why should not that be done in Newfoundland merely because bonds have been floated. It seems to me that is a very difficult principle to get anyone to accept. Why should it not be done in Nova Scotia? What is going to be done for Prince Edward Island? I understand that earlier today the Prime Minister told the house that he had had a telegram only yesterday from the premier of Prince Edward Island—

The Deputy Chairman: Order. I think the hon. gentleman is far away from the subject

before the house. I would ask him to make his remarks relevant to the subject matter under discussion.

Mr. Pickersgill: I submit, Mr. Chairman, with the greatest possible deference and respect that, the Minister of Finance having said that this proposal was part of a national policy it is surely proper for any of us to ask how the principle behind this proposal will apply in other places. If this were purely an isolated matter not connected with anything else, and if the government were just coming here and saying that the province of New Brunswick is in financial difficulties and that notwithstanding anything else in any other part of the country we should come to their aid, that would be one thing. But they are not saying that. They are saying that this is stage 1 of a national policy. We are being asked to approve stage 1 and to spend a considerable amount of money on a policy—

The Deputy Chairman: Order. The matter before the house is as follows: House in committee of the whole on a certain proposed resolution to authorize loans to the government of New Brunswick for the development of hydroelectric power at Beechwood on the Saint John river.

That has nothing to do with anything in Prince Edward Island, Nova Scotia, Newfoundland or any other place. It is tied down strictly to the government of New Brunswick. I wish the hon. gentleman, who certainly knows the rules of the house better than most of us and far better than I do, would use his own good judgment and stay within the rules.

Mr. Pickersgill: I will endeavour to do my best, Mr. Chairman, to stay within the rules and I of course would not for one moment, as a member of the house of only four years standing, put my judgment about the rules or about any other matter against the judgment of Your Honour. However, the resolution does say that it is expedient to do this and it seems to me that determination of that expediency depends upon the reasons for which we are taking this action. Surely that is the essential point, the fundamental point? Are we being asked to do this as a rescue operation because the government of New Brunswick is broke. Is that the reason, or are we being asked to do it as part of a national policy.

The Minister of Finance said when I asked him a question and when, for the first time to my recollection he gave a simple and straightforward answer for which I was grateful, that this was part of a national policy. Surely before we are asked to discharge this most fundamental of the obligations of the House of Commons—to vote the taxpayers' money—we are entitled to make the fullest and most searching inquiry into the reasons for which we are being asked to spend that money. We are also entitled to ask what it is eventually going to involve, not just what it is going to involve in approving this policy. If I might venture an analogy, the Minister of National Defence on many occasions has asked the house to approve the prototype of aeroplanes—

Mr. Rowe: On a point of order, Mr. Chairman. Surely the hon. member is not suggesting that we should waste the time of the house while he tries to convince the house that it is relevant for him to be saying, first, that it is part of the national policy only that we are discussing and then that it is relevant to demand that we should discuss all parts of the national policy. We are now getting into defence and I submit that it is so irrelevant that it might almost make us forget that the hon. member tries to be relevant.

Mr. Lesage: The chairman will be in a very embarrassing position.

Mr. Pickersgill: It is, I am afraid, becoming clearer and clearer why the Prime Minister is willing to move for the abolition of closure in this house. We do not have to have formal closure because we have closure from the government benches. I have been attempting to discuss this matter which is a matter in which I am being asked to vote money collected from my constituents and from the constituents in the other parts of Canada to do a particular job in a particular place, and which is supposed to be part of a policy about which we are told nothing. Furthermore, we are told that we are not entitled to inquire even as to the cost of the power produced; that it is irrelevant to this discussion. We are told we are not entitled to find out whether this plant is efficient or inefficient; it does not matter, we have to pay for it anyway. We have to pay out this money blind and now we are told that although the Prime Minister has said—and it is here in answer to a question—that this is part of a policy that applies to all the provinces, we are not entitled to inquire how it would apply, where it would apply or under what circumstances it would apply.

If we are going to have all these restrictions placed upon us I do not know what point there is in having these discussions at all, but I am going to endeavour to keep within the rules, to continue my inquiries and to hope that one of the members on the treasury bench, who were not so slow about making inquiries themselves when they sat over here, will make some effort to answer some of these questions after they have been put.

I would like to know, firstly, whether the government has in mind at the present time any projects whatever in the province of Newfoundland? Whether any attempt has been made to expand this national policy to the province of Newfoundland; that is to say the national policy embodied in Beechwood?

The Prime Minister said it would be extended to all the provinces; he said it was not going to be haphazard but that it was going to be planned and organized. That is what he said before the election. I would like to know what is going to be done in Newfoundland, what is going to be done in Prince Edward Island and what is going to be done in response to requests made at the federal-provincial conference?

Mr. Fleming: Mr. Chairman, on a point of order, surely this irrelevancy has gone far enough. My hon. friend is going to discuss every project right across Canada if this goes on. Surely there must be an end to this obstructive breach of the rules of the house.

The Deputy Chairman: I should like to remind the hon. member that his time has expired in any event.

Mr. Hansell: I am not going to make any extended speech because I had one jotted down here in which I was going to talk on the thermal energy power plants and, just as I was going to speak I discovered the minister was objecting to the bringing of this particular type of power into this debate by reason of the fact that the next order of business is to be a resolution dealing with thermal power.

I would, however, like to receive the assurance of the Minister of Finance and the Minister of Northern Affairs and National Resources, who is the sponsor of the further resolution, that we will be able to discuss in the fullest and the freest possible way the subject matter of thermal electric power projects. I would like to have this promise. Otherwise I will try to give my speech on this particular resolution.

I appreciate what the minister has said to the effect that he and the government are interested in assisting in projects which would bring widespread benefit to the people. That is what he said. I think perhaps when he said it he must surely have had his tongue in his cheek because some of us remember not so many months ago when a matter was before us to provide for loans to another great project in Canada which would benefit a terrific number of people, the hon. minister and his party at that time were so vociferous in their attacks on the proposal, and he himself was such a bad boy at the time, that we read him out of the house—yes, and he draped his desk with the flag. That is how interested he was in assisting a project which would bring widespread benefits to the people.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question? Is there no difference between making a loan to a private corporation and a loan to a provincial government?

Mr. Hansell: There certainly is a difference, but in principle the difference is that you are either doing it to a provincial government or you are doing it to a private corporation. But the principle of the loan is the same.

The Deputy Chairman: Order.

Mr. Hansell: I am only answering the hon. member's question.

The Deputy Chairman: The hon. gentleman is answering a lot of questions all of which are out of order.

Mr. Hansell: Well, the question itself should not have been admitted.

Mr. Knowles (Winnipeg North Centre): The hon. member should not have provoked it.

Mr. Hansell: In that case I might say that the loan was made and repaid before maturity with interest.

Mr. Knowles (Winnipeg North Centre): And Tanner and Coates made their millions.

Mr. Hansell: And the treasury of this country benefitted thereby. However, I want to ask the minister now if he will give us an assurance that we will be able to discuss this matter of thermal nuclear power projects in the widest field, because this is a resolution with great possibilities and we want that assurance now.

Mr. Hamilton (Qu'Appelle): To which minister are you referring?

Mr. Hansell: Either one could give me the assurance.

Mr. Fleming: The hon. member is a senior member of this house and he knows the rules of relevancy. The next resolution is one that refers specifically to thermo-electric power. It will be for the chairman of the committee to determine what discussion is relevant to that resolution; it is not for me as a minister or as a member of this committee to lay down the interpretation which shall be given. The chairman of the committee will do that. But I am pointing out that I have consistently throughout all this discussion stated that a discussion of thermo-electric power projects

is not relevant to the resolution now under consideration which is confined purely and simply to Beechwood which is not a thermal project at all.

Mr. Hansell: When you said that you also stated that thermal power plants could reasonably be debated on the resolution which is eventually to come up in committee and I just wanted a reassurance on that point because I had my speech ready to give on this resolution.

Mr. Fleming: I suggest that if the hon. member had something to say about thermal power projects in the Atlantic provinces he should make his remarks on the next resolution, because they clearly would not be relevant to this resolution.

Mr. Lesage: Mr. Chairman, I want to be assured that I understood the minister well when he said we would be allowed to discuss the cost of hydro electric power produced at Beechwood under the next resolution.

Mr. Fleming: I should have thought, Mr. Chairman, it is clear that I cannot interpret the next resolution. We have not even reached it yet. But the reading of the terms of that resolution makes it quite clear—

Mr. Lesage: There is no mention of hydroelectric power in the next resolution. The phrase used is thermal-electric power. In the present resolution which we are studying the words are "hydroelectric power at Beechwood". My question is this: what will be the cost of the power generated at Beechwood, with only two units, on a run-of-the-river basis, taking into account all the conditions that I mentioned earlier at the substations, ready for distribution to the public?

Mr. Fleming: All I can say is that my colleague, the Minister of Northern Affairs and National Resources, has indicated he will speak in the course of considering the next resolution about the integration of the Beechwood and other schemes of power development in the Atlantic provinces.

Mr. Lesage: So it will be possible to discuss the cost of energy at Beechwood as part of the integrated program in New Brunswick and Nova Scotia?

Mr. Fleming: So far as the chairman who may be called on to rule on the matter considers it relevant to the terms of the next resolution.

Mr. Lesage: I am sure the chairman would be much enlightened if he had the benefit of the opinion of the Minister of Finance upon this question.

Mr. Fleming: I must decline the hon. member's invitation to be irrelevant and to break the rules of the house.

Mr. Pickersgill: In this case however there can surely be no doubt that the cost of power at Beechwood is relevant to this resolution. Surely the Minister of Finance is not going to say, and surely you, Mr. Chairman, would not be led by the Minister of Finance into thinking, that the cost of power developed under this project is something which hon. members of this committee should not be entitled to know before they are asked to vote this money. And surely hon. members are also entitled to know how that cost compares with the cost of other power which can be supplied to developments in the same area. Since we have no assurance whatsoever that this information will be available to us while discussing a subsequent resolution, I do not think we should be asked to agree to this resolution until this absolutely relevant information is provided. For my part I am far from being satisfied about this project and I wish to pursue certain other matters. I want to go back to the question of refunding. As I understand the Minister of Finance, this project will be completely paid for before the federal government is called on to pay out any money. If I am incorrect I should appreciate being corrected now.

Mr. Fleming: Well, you are incorrect.

Mr. Pickersgill: It will not be completely paid for?

Mr. Fleming: If the hon. gentleman had been in the committee today when I made various explanations he would not now need to delay the committee by rehashing what has been said and getting all mixed up the information I gave. What I said was that the cost of the project would be known when the project is completed, and it is at that point that it will be determined whether the cost amounts to $30 million or not. The fact is that the bill places a limit of $30 million on the obligation, and it is at that point that the extent of the obligation will be made known, and the loan taken down by the province.

Mr. Pickersgill: I am only seeking clarification, quite without offence, and perhaps I can put it in another way which the Minister of Finance will admit is fair. I understand that this project is to be completed before any federal money is advanced. Is that correct?

Mr. Fleming: Mr. Chairman, we are informed that the province is not intending to take down the money until April 1 in order to obtain the advantage of the lower rate we

expect to have available as the federal rate to crown corporations in the six months period commencing April 1.

Mr. Pickersgill: I think perhaps the Minister of Finance was not dissenting from my point when I said that this project would have been completed before any of this loan was made to the province of New Brunswick.

Mr. Fleming: I indicated earlier, Mr. Chairman, that the No. 1 unit is now in operation on a 100 per cent load factor. I may add to that that No. 2 will be going into service for mechanical tests on January 17 according to our information.

Mr. Pickersgill: So far as the government is informed about this project we are being asked to pay for on an interim basis it will be completed before any of the loan is taken up. Apparently the minister has not taken the trouble to inform himself very precisely about this but as far as the minister knows it will be completed.

Mr. Fleming: Oh yes.

Mr. Pickersgill: That was all I was trying to find out and if we had had the "yes" a little earlier it might have saved some time.

Mr. Fleming: If you had asked the question a little more plainly earlier you would have received the answer.

Mr. Pickersgill: I asked three times.

Mr. Fleming: And I answered three times.

Mr. Pickersgill: Then, sir, this project in the ordinary dictionary definition of the term is a refunding project, it is repaying something that has already been paid, which is the dictionary definition of "refunding". I cannot understand, and I doubt if any other fair minded member of the house can understand why, because a project has only been completed for two or three months it should be a proper thing to ask parliament to vote money to refund the cost of it and why it should not be equally proper to do so in the case of a similar project in Nova Scotia which was built a little earlier. I should like to obtain from the minister, and I am sure that in view of the Prime Minister's answers you would not consider it irrelevant, Mr. Chairman, his explanation in clear terms of the kind of project which could qualify for similar treatment. On November 22, 1957, as recorded at page 1405 of *Hansard* I asked the following question of the Prime Minister:

> Are loans based on the principle applied to the Beechwood project to be available only for projects in the Atlantic provinces? If not, will all provinces qualify?

In answer to the second part of that question the Prime Minister clearly said that these loans were not going to be available just for Beechwood. He used the following language:

> The answer is that any province that has a project for which there is an equally good case could qualify in respect of that project.

I should like the minister to define the kind of project which would be an equally good project because this is of great interest to those of us who represent other parts of the country. We are being asked to vote for this resolution to lend this very considerable sum of money for this project and our constituents are going to want to know whether they can benefit similarly by this national policy of the government. We will have to account to them for our vote and we are surely entitled to a clear definition of what the Prime Minister meant by that answer to the second part of my question which he gave on November 22.

Mr. Fleming: Mr. Chairman, the subject matter of the discussion before the committee at this time is the resolution concerning Beechwood and it is not the four famous questions asked by my hon. friend and answered by the Prime Minister in this house on November 22. We are debating the Beechwood resolution and I must decline my hon. friend's invitation to offend the rules of the house by straying into all other manner of projects scattered across Canada.

Mr. Stuart (Charlotte): Mr. Chairman, may I ask one question before six o'clock. The minister has said that the province of New Brunswick would not take advantage of this loan until April 1. It occurred to me that there might be a considerable difference between the interest rate the province would now be required to pay to the bank and what it would pay under this arrangement. Would it not be more beneficial to the province to take advantage of this loan now than to pay the interest to the bank on this huge loan? In view of the difference in the interest rate would it not be reasonable to expect that the province would take advantage of it now?

Mr. Fleming: That, Mr. Chairman, will be a matter for decision by the government of the province of New Brunswick. Once the bill which we hope to introduce after this resolution is passed the power will be given to make the loan to the province when the province chooses to take it. In deciding not to take it before April 1 or after that date I presume the province will consider where its advantage lies having regard also to the fact that the obligation it will be incurring under this loan will be for an eight-year period.

Mr. Stuart (Charlotte): What I mean is that from the standpoint of the interest rate it would appear to be to the benefit of the taxpayers of the province to take advantage of

this loan now with a lower interest rate than to continue paying the rate of interest that would be necessary to pay to the bank at this time.

Mr. Pickersgill: Mr. Chairman, perhaps I could pursue my point. Since the minister is not willing to answer my question which it does seem to me is completely relevant he places me and I think he places hon. members from practically every province except New Brunswick in a position of great embarrassment. We are being asked by this resolution to approve the beginning of something the extent of which we are not even to be allowed to see. We are being asked to do something in the province of New Brunswick and the minister resolutely refuses to tell us how it could be done in any other province despite the fact that the Prime Minister said this could be done.

As I have some rather extended observations to make on this question, Mr. Chairman, perhaps I might call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Pickersgill: Mr. Chairman, when we rose for the dinner recess I was just pointing out to the committee that the minister had made it clear that the purpose of the bill to be founded on the resolution was to refund the moneys expended by the government of New Brunswick on the Beechwood project. I know that the minister does not agree with the definition of the word "refund" that is found in all standard dictionaries and that I am using here, but the minister has indicated that this project by that time will have been completed, that there will be no new work, that there will be no further employment in building the project.

In other words, it is not something new that is being done. It is a project on which the work is entirely completed, a project that is in operation and on which there is a debt which the federal government intends to assume, if the bill is passed, up to $30 million. That is what this proposition is. We are being asked to agree with the government that it is expedient to lend the government of New Brunswick up to $30 million to refund these obligations of the government of New Brunswick for this particular project in this particular place, a project which the minister has told us is part of the national development policy of the government.

We have the Prime Minister's answer in the house to a question I put on the order paper which was obviously very definitely considered, that this is not an isolated matter, that it is part of a policy that is applicable in all the provinces or in any province —I want to be quite accurate—in which there are comparable conditions. It seems to me it is quite impossible for us to decide in the knowledge of all the circumstances whether it is really expedient to make this very considerable charge upon the taxpayers of Canada for a project, however meritorious it may be, and I am not discussing its merit at the moment, in one particular place in one particular province, until we know how this policy which the government has told us is a national policy applicable across Canada is to be applied in other provinces, and what in the opinion of the government would constitute the similar circumstances to which the Prime Minister referred.

It does seem to me, sir, that it is very hard for a member representing a constituency in the province of Newfoundland, where the need for the development of power is as great as it is in that province, to say that it is the right thing to do to vote public moneys for this project in another province unless we can be satisfied that Canadian citizens living in another province, a province with even less resources, will be similarly treated by the government in like circumstances. I must say, sir, that it is impossible for me to understand how the government can make any kind of valid distinction making any sense at all between lending this money to New Brunswick to pay off the Bank of Montreal, the Canadian Bank of Commerce or whatever chartered bank it may be and saying on the other hand that it would be quite improper to lend money, say, to the government of Nova Scotia to pay off a bond issue, thus reducing the cost of power to the users in Nova Scotia. It does not seem to me that we should be asked to adopt a policy of limited application to a very limited area of the country unless we know that if comparable circumstances exist it will be applied in other places as well.

I must say I was rather astonished by the answer given by the Prime Minister to the third question I put to him and which he answered on November 22. That question was:

> Are such loans available only for projects owned by provincial governments or provincial crown agencies or will they be available to private power companies sponsored by a provincial government?

This is the answer given by this great Tory government, the apostles of free enterprise. It would not have surprised me in the least bit if a government headed by the hon. member for Winnipeg North Centre, or by his

colleague, the hon. member for Rosetown-Biggar, if there ever were such a government in this country, would have given this kind of answer but it does surprise me that such an answer should be given by this Tory government that boasted during the election campaign that they were going to take government out of business, that they were going to restore free enterprise. What did they say? The answer given was no, such loans would not be available to private companies.

Mr. Knowles (Winnipeg North Centre): What would be your stand?

Mr. Pickersgill: What would be our stand? We are trying to find out whether or not it would be a wise thing to make this money available and the government refuses to give us the information on which we can make an intelligent judgment.

Mr. Fleming: Do not hold the government responsible for that.

Mr. Lesage: They surely are.

Mr. Pickersgill: The government is certainly responsible for the failure to give information, and I know of no member of the house who spoke—I will not say eloquently—more frequently, more vociferously, more—perhaps it is rude to say this—noisily—

Some hon. Members: Oh, oh!

Mr. Pickersgill: My colleague from Newfoundland says "more vehemently"—about the denial of information than the hon. member for Eglinton when he was on this side of the house. The hon. member for Montmagny-L'Islet and the hon. member for Inverness-Richmond tried vainly all afternoon to find out what this power is going to cost and what comparable power produced from coal would cost, but the government says that is none of the business of members of the House of Commons. We are to vote blind on this motion.

I do not think we should be asked to do this. It is true that this project is finished. It is true that it has to be paid for by somebody and it may well be, as the minister indicated, that at the present time the government of New Brunswick could not float a loan to pay for it. It may well be that it is in the national interest to take the course that the government is asking us to take. They are asking us to embark upon what they say is stage No. 1 of a vast new policy. Surely we are entitled to be told how that policy will apply right across the country. We are surely not to be asked to accept it on faith, to accept it without being told what is involved in the project itself or how other communities could avail themselves of the same policy which the Prime Minister told us is available across the country.

The Deputy Chairman: Order. I think the hon. member will agree with me that he is out of order. The basis upon which he is speaking now is not relevant in any way to the resolution before the house.

Mr. Pickersgill: It would be impossible for me, with the respect that I have publicly demonstrated for the chair by putting down the motion that is on the order paper in my name—which I do not think the government will ever allow us to debate—to dissent from your judgment. I readily accept it.

The Deputy Chairman: I am very appreciative of that. I trust that that will be the course of action the hon. member will follow from here to the end of his speech.

Mr. Pickersgill: Certainly, Mr. Chairman, I shall endeavour to be strictly relevant. I understand, Mr. Chairman—I understand—

An hon. Member: You said that.

Mr. Pickersgill: —that the interest rate on this loan at the present time will be 4⅜ per cent. The Minister of Finance, having ended tight money in this country in a way he refuses to explain, believes that the interest rate will be even lower by next April. It may be or it may not.

Mr. Lesage: Unemployment will be higher.

Mr. Fraser: You are getting away from the subject now.

Mr. Pickersgill: I am talking about the interest rate on this proposed loan. If the interest rate on this proposed loan is not relevant, I should like to know what hon. gentleman opposite think is relevant to this resolution.

Mr. Robichaud: They would rather have closure.

Mr. Pickersgill: It is a form of closure, sir. I should like to know whether this interest rate of 4⅜ per cent would be available for similar projects, for a project that is contemplated and that is on the point of being undertaken by the government of Manitoba in northern Manitoba? I should like to know if this interest rate will be available for any additional projects undertaken by the hydro commission of Ontario. I should like to know—

The Deputy Chairman: Order, please. The hon. member knows he is out of order. He is covering the whole country.

Mr. Lesage: Mr. Chairman, on the point of order, may I very respectfully submit to

you that the questions asked by the hon. member for Bonavista-Twillingate are in order. After all, here we have a resolution dealing with a specific project, it is true, at Beechwood, giving to the government of New Brunswick very special conditions for a loan, for the refunding, in this case, of a power project. Surely it is in order to inquire from the government if the same terms and conditions will be available for other projects elsewhere in Canada, or I do not know my rules any longer.

Mr. Montgomery: The former minister, who has just been speaking, received an answer to that in the one word "yes", this afternoon. I do not know why he wants to pursue it and pursue it.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, with respect, I should like to appeal to you to reconsider the decision you have made. Before I press the point as to the right of the hon. member for Bonavista-Twillingate to ask questions about this matter in the context in which the government has placed it, may I say that so far as we are concerned we will support this proposal. I shall come back to that later.

I should like to point out that in the speech from the throne, with which this session was opened, there were three paragraphs relating to national development. The reference to the Beechwood project is in the middle of the second paragraph. There are words in that speech from the throne about national development before the reference to Beechwood and then after the reference to Beechwood there was this statement:

> My ministers will advance this national development policy further by initiating new discussions with the government of Saskatchewan—

My point, Mr. Chairman, is that it is the government itself that has presented to parliament this proposal in the context of a national development policy which calls for assistance for development in various parts of the country. It seems to me that before we are asked to declare as to the expediency of this measure we have a right to ask questions and get answers as to the relationship between a policy being pursued with respect to this item and that policy as it might apply to other projects in other parts of the country.

I shall take the floor a little later to make it clear that we are prepared to support this project. We think that what is good for New Brunswick is good for the whole of Canada, but at this point I say that the hon. member for Bonavista-Twillingate has a right to ask questions about this matter in the context in which the government itself has presented it to parliament.

The Deputy Chairman: I am sorry to have to disagree with the hon. member for Winnipeg North Centre, who undoubtedly is a recognized authority on the rules. He bases his argument on the fact that because something was mentioned in the speech from the throne about this resolution, which is tied difinitely to the authorization of a loan to New Brunswick for the development of a hydroelectric power project at Beechwood on the Saint John river, hon. members in speaking can cover any development in Canada. If that is so, no debate in this house would ever be concluded. If people were permitted to talk about all the places that could be talked about the debate would never conclude and for that reason I still believe the hon. member is out of order.

Mr. Pickersgill: I shall endeavour, with the greatest difficulty in the world, to relate what I have to say as directly as I possibly can to this particular project. The minister himself has said that it was part of a national program. I should like, therefore, to put this question. Is the interest rate available for this Beechwood project to be available only for projects which have not yet been refunded, in the sense the minister used the word, that is to say, for which there are not already bond issues? Is the interest rate to be available for any new project in any particular province that applies for it, or is there some geographical limitation upon this policy? How can an application be made to fulfil the necessary requirements in order to get a loan of this kind?

It is very embarrassing for any one who has to be elected in some other part of the country and who has to justify to his electors —as the Minister of Finance will have to do— the commitment of a large part of the taxpayer's money in one particular place, to say why it is in the national interest, what makes it in the national interest so that we can determine what other projects like it will be in the national interest. I do not think even the Minister of Finance, who has sought to restrict debate in this house in a way that was never before attempted at any time in my experience here, would question our right to know what it is that makes this project in the national interest, what it is that makes this Beechwood project the kind of project that parliament rather than the province should provide the money for and therefore what my constituents or what the people in the province which I represent could do to come within the ambit of this policy. It

seems to me that we are entitled to be told by the government what is the nature of this national policy, how this fits in, how it works and how a project would qualify. From the beginning to the end that is all I have been trying to say, with great difficulty.

For some reason I do not understand the members of the government do not seem to want to give us any information about this matter and it is very difficult to form any kind of judgment. I am therefore going to make certain assumptions. I am going to assume that any project, any hydroelectric development or any other power development that is undertaken by a provincial authority from now on will under this policy be eligible to receive from the federal government a loan of a comparable character or a comparable amount, having in mind the size of the project in any part of Canada.

The Minister of Finance did me the great honour one day to say that I had made a speech which could be summarized in two words and the two words were "Hate Ontario". I do not think the Minister of Finance should assume that because it is hard to love everybody who lives in Ontario, and particularly the Minister of Finance, one necessarily hates Ontario. It seems to me that there is some rather difficult explaining to be done in order to explain why it is that the Ontario hydro, which has huge projects of development in a province where the government claims it has not sufficient revenue to carry on its ordinary functions, should have to pay what I am told—the hon. member for Welland brought it out here one day—is 5.09 per cent on money while another project in another province should be financed out of the federal treasury for 4⅜ per cent. It seems to be that before we can determine whether it is in the national interest to vote for a project of this kind we ought to be told whether, in the future, loans of this character will be available to the Ontario hydro, or if they will not be available why they will not be available; and whether they will be available in Manitoba for schemes which we know the government of that province has in contemplation. We know that and the government knows it because they were told it at the federal-provincial conference and they were asked by the premier of Manitoba whether their scheme would come within the ambit of these national development proposals. It seems to me that it is quite unreasonable, Mr. Chairman, for the government to expect us to reach a conclusion about this matter without being given an answer.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Pickersgill: Certainly.

[Mr. Pickersgill.]

Mr. Knowles (Winnipeg North Centre): In view of the reference he made just now to Manitoba I wonder whether he noted that this morning when the Prime Minister answered a starred question about other provincial governments requesting assistance for power projects there was no reference to any such request coming from Premier Campbell of Manitoba.

Mr. Pickersgill: I do not criticize the Prime Minister in the least for that because I am sure the Prime Minister interpreted that question as meaning any request in the form of a letter or telegram. But I am sure the hon. member for Winnipeg North Centre is as familiar as I am with the brief presented by the government of Manitoba to the federal-provincial conference and therefore to the federal government.

Mr. Knowles (Winnipeg North Centre): But you cannot let things drop there.

Mr. Pickersgill: From the conduct of the Manitoba government in recent months I do not imagine it is very likely to drop that matter.

Mr. Bell (Carleton): In recent months?

Mr. Pickersgill: There has been, as the hon. member knows, a great and encouraging development in northern Manitoba in recent months about which all of us who have had a long connection with Manitoba are extremely pleased, and it is going to require, in order to develop it, a great deal of financing. I think any hon. member who represents a constituency in Manitoba, including some of the hon. members who sit on the back benches opposite, would like to have an answer to that question before they vote for this resolution. Certainly if I were representing a constituency in Manitoba I would want an answer to Mr. Campbell's question before I was asked to vote on this resolution.

What I say is this, Mr. Chairman. In default of any answer from the government as to how this policy is going to be applied on a national basis as the Prime Minister said it would be I think we can only assume that the government either intend to give or will by pressure be obliged to give, similar treatment to every project from now on in the future. If we are not to be allowed to debate this project any longer in this house and if we are not to be given any answers by the government to perfectly proper and relevant questions dealing directly with the project or dealing with its relationship to the policy which the government boasted about in the speech from the throne, I think we must act on some kind of assumption and make some

kind of judgment. Because I represent a constituency in the Atlantic provinces where more power development is very badly needed, I certainly do not intend, because I cannot get information to which in a free parliament I should be entitled, to take it out on the people of New Brunswick.

Mr. Lesage: On October 29, Mr. Chairman, as reported at page 502 of *Hansard*, I asked the following question of the Minister of Northern Affairs and National Resources:

> Mr. Speaker, I would like to direct a question to the Minister of Northern Affairs and National Resources. Is it his intention to outline to the house the national development policy which is mentioned in the speech from the throne during the current debate on the said speech?

The answer was as follows:

> Mr. Speaker, in answer to the hon. member for Montmagny-L'Islet, I think this will be shown in due course.

From that reply we must conclude that the government has a national development policy. The Minister of Finance said so this afternoon and it is mentioned in the speech from the throne. The government, according to its own words—at least in the speech from the throne and from two of its ministers —has a national development policy. If it has a national development policy, surely it is precise in scope. Surely a national development policy requires principles and methods. A national development policy must be applicable to all the regions of Canada. Hence this question which I put to the Minister of Finance and to which I believe I am entitled to a reply.

If this is a national policy for development surely there are rules and regulations and methods which have been set by the government even though we cannot get any information on them. I will put a direct question. Is the present government ready to make a loan to the province of Quebec under the same terms and conditions as this loan to New Brunswick for the development of the Lachine rapids? That is a very simple question, Mr. Chairman.

The Deputy Chairman: I think the question is strictly out of order.

Some hon. Members: Oh, oh.

The Deputy Chairman: The question has nothing whatever to do with this resolution. The only thing you can talk about now is the New Brunswick development and nothing else.

Mr. Lesage: With all due deference, Mr. Chairman, I represent a constituency in the province of Quebec. Am I not entitled to ask this government if the same treatment that is given to New Brunswick is indeed going to be given to Quebec?

The Deputy Chairman: Yes, on the proper occasion.

Mr. Lesage: And to all other provinces.

The Deputy Chairman: But this is not the proper occasion.

Some hon. Members: When?

Mr. Lesage: I do not see any other occasion, sir.

The Deputy Chairman: As a matter of fact there are wide open debates in this house where you can ask anything you wish.

Mr. Lesage: With great respect, sir, we cannot ask questions except when we are in committee. I submit that I have a right to know if my province is entitled to the same treatment as another province.

The Deputy Chairman: You have had six supply motions on which you could have asked anything you wished.

Mr. Lesage: Very respectfully, sir, on supply motions we are not in committee and we cannot ask questions.

The Deputy Chairman: You may ask questions. You may not get the answers but you can ask questions and get them on the record.

Mr. Lesage: This government never answers questions when we are on supply motions anyway. Am I to conclude then, from the silence of the Minister of Finance, that the province of Quebec is not entitled to the same treatment as the other province?

An hon. Member: You would like to conclude that.

Mr. Lesage: Well silence means consent as far as I know.

Mr. Knowles (Winnipeg North Centre): I hesitated to rise because I thought the Minister of Finance might want to make some remarks with respect to the comments which have been made since eight o'clock by the hon. member for Bonavista-Twillingate and the hon. member for Montmagny-L'Islet. However, I would like to say, as I implied when I was speaking to a point of order a few moments ago, that we are prepared to support this resolution. I agree with my hon. friends who have had the floor since four o'clock that they have the right to ask the questions they have put to the government and that they have the right to expect answers. However, if the government is not prepared to answer these questions we nevertheless want to make it clear that in our

view it is good for Canada to have such a development as the building of railways in northern Manitoba, it is good for Canada to have the development of power on the Columbia river,—

An hon. Member: You are out of order.

Mr. Knowles (Winnipeg North Centre): It is good for Canada to have the construction of the South Saskatchewan river project—

Mr. Lesage: Order.

Mr. Knowles (Winnipeg North Centre): It is good for Canada to have an authority respecting the Red and Assiniboine rivers in Manitoba—

Mr. Lesage: You are out of order.

Mr. Knowles (Winnipeg North Centre): — and likewise it is good for Canada—my hon. friend is too late—to have the Beechwood project constructed in the province of New Brunswick. Therefore, Mr. Chairman although we would like to have answers to these questions which would set the policy of the government in its national context, nevertheless on its own feet we are prepared to support this proposal made by the government.

I think the rest of us in Canada are aware of the fact that the three maritime provinces originally, and now all four Atlantic provinces, have made a significant contribution to the welfare of this country. We are also aware of the fact that geography being what it is, the three maritime provinces in particular have a limited area as compared with the vast resources in the northern parts of all the provinces from Quebec west to the Pacific coast. It is on that basis that we think it is not out of place for Canada as a whole to use some of the wealth of this nation to improve and to strengthen the economy of the maritime provinces. What is now before us is a measure to strengthen the economy of the province of New Brunswick and we think it is not out of place for Canada to render the small amount of assistance involved in lending the money suggested in this resolution and, as I have already said, we think it is good for Canada.

We are sorry that the minister is not prepared to set out more fully the government's alleged national development policy but nevertheless, on its own merits, we are prepared to vote for this resolution.

Mr. Pickersgill: I should like to put another question to the minister in the hope—probably the vain hope—that he will condescend to give us just a little bit of information. I should like to ask the minister if there are in fact any other projects which in the opinion of the government are comparable with this Beechwood project which the Prime Minister said was based on a principle applicable to the rest of Canada, or if the Prime Minister was attempting to deceive the house when he gave the answer on November 22—

Mr. Fleming: Mr. Speaker, I rise on a question of privilege—

Mr. Pickersgill: There is no question of privilege.

Mr. Fleming: I suppose the hon. member having already passed judgment on my question of privilege there is nothing for me to gain in pursuing it but, with his permission Mr. Chairman, I would like to address you on a question of privilege. The hon. gentleman has suggested that the Prime Minister of this country was endeavouring to deceive the house.

Mr. Pickersgill: I did not.

Mr. Fleming: It is a shameful and most unparliamentary attempt on the part of the hon. member to reflect upon the honour of the Prime Minister and I ask that the slur be withdrawn.

Mr. Pickersgill: Mr. Chairman, I made no such allegation. If the hon. gentleman had done me the courtesy of listening to what I said he would have noticed that I asked him if there was in fact any comparable project in the minds of the government. I assumed that the Prime Minister was not trying to deceive the house, but I said if so would he tell us what was it, because by his silence, they let it appear that the Prime Minister had been trying to deceive the house?

An hon. Member: You had better read *Hansard.*

Mr. Pickersgill: If the minister will get up and tell us honestly what the Prime Minister meant in answering that question; if he will tell us what projects the Prime Minister had in mind when he gave the answer that there were other projects comparable to Beechwood, then there will be no reflection on the government but if there are no other comparable projects what other conclusion can we draw?

Mr. Fleming: Mr. Chairman, the tight rope walking demonstration of the hon. member does not change the fact that in his previous double barrelled question—

Mr. Pickersgill: It was a simple alternative.

Mr. Fleming: —he asked me if the Prime Minister was attempting to deceive the house. That is a slur on a member of this house and it is a most unparliamentary reflection and I ask it to be withdrawn.

The Deputy Chairman: I understood the hon. member for Bonavista-Twillingate to

say that he gave no such meaning to his statement as was taken by the Minister of Finance. If I am correct in that, then there is nothing I have to ask him to withdraw. I should like to ask the hon. member to say whether or not I am correct.

Mr. Pickersgill: I think, sir, you have put the matter very accurately. I still assume that the Prime Minister was speaking for the government. I think we are entitled to be told what he meant. I think we are entitled to be told what these other projects are which the Prime Minister was talking about. That is all I have been trying to find out all the evening. I want to see a project like Beechwood in Newfoundland; I think the people of Newfoundland are just as much entitled to it as the people of New Brunswick. I happen to represent constituents in Newfoundland, and I want to find out whether there is anything in this national policy or whether the whole thing is a farce. It is perfectly easy for the minister, who has come in here and introduced stage 1 of his policy, to explain this to us. If the government has no policy I can understand his silence, but if they do have a policy why is it being kept secret? Is he ashamed of it? Is there something wrong with it? That is what I should like to find out. That is what I have been trying to find out all evening.

Resolution reported and concurred in.

Mr. Fleming thereupon moved for leave to introduce Bill No. 243, to authorize a loan to the government of New Brunswick in respect of the Beechwood power project.

Motion agreed to and bill read the first time.

ATLANTIC PROVINCES—LEGISLATION RESPECTING THERMAL PROJECTS

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy, and including provisions for the payment of a subvention on coal used in the production of electric energy.

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

Mr. Hamilton (Qu'Appelle): Mr. Chairman, on December 21, 1957 this house agreed to a motion made by myself that it consider this resolution, which had been recommended by His Excellency. The measure which it is proposed to introduce entails financial consequences which will greatly benefit the Atlantic provinces.

As announced in this house on November 14, 1957, by the Prime Minister, apart from the financing of Beechwood, which is being dealt with separately, the present proposed measure would do two things. For those Atlantic provinces who desire such aid the dominion government would build for and sell to the provinces such thermal plants and transmission facilities as may be agreed upon. The second part of the program would consist of granting a subvention on Atlantic provinces' coal consumed for the production of power in the Atlantic provinces. This subvention would be so calculated as to eliminate, so far as possible, the differential in price between coal used in the Atlantic area and coal used in Ontario for the production of power.

We have had from the provinces their estimates of the cost of the construction programs for the fiscal years 1957-58 and 1958-59. For Nova Scotia the program would amount to about $3.4 million, and for New Brunswick it would amount to about $9.3 million, or a grand total of about $12.7 million for those two years. To complete the immediate program thus embarked upon would cost possibly another $3.5 million for Nova Scotia and another $8.5 million for New Brunswick, or a total of about $12 million. Thus the projects presently planned would cost about $25 million.

There will undoubtedly be other programs submitted in future years which will require to be considered by parliament. These cannot be known at this stage, and will depend upon the extent and pace of development in the Atlantic area, and also on whether provinces in that area other than New Brunswick and Nova Scotia wish to take advantage of the program. Hon. members would like to have a forecast of what the program might cost, say over the course of the next ten years.

We have, at present, no program of development put before this government by the governments of Prince Edward Island and Newfoundland. As far as the other two Atlantic provinces are concerned, there might be as many guesses as there are experts on the subject of power. One group of experts who have looked at the question recently, Montreal Engineering Company Limited, estimated that an interconnected program within and between Nova Scotia and New Brunswick might give a total installed capacity of 507 megawatts by 1967 at a capital escalated cost of about $105 million. This would provide

for two plants in New Brunswick, eight in Nova Scotia and the requisite transmission and terminal facilities. This, Mr. Chairman, is only one estimate of an order of magnitude.

For the purposes of the two fiscal years now in contemplation, a total of $12.7 million for construction of plants and transmission lines will certainly be required. Appropriate items will be included in the further supplementary estimates for 1957-58 and in the estimates for 1958-59. Hon. members of the committee will wish to note, Mr. Chairman, that the amounts of money expended on the construction program will all be refunded with interest so that this phase of the program is a self-liquidating one.

The second phase of the government's program will consist of a subvention on the Atlantic provinces' coal used for the production of thermal electric energy in the Atlantic provinces. For the purpose of this resolution the annual cost of such a subvention is currently estimated to amount to $1.7 million. It will, of course, vary with the amount of coal actually used for power purposes. This sum of money will not be recovered directly. But it is the conviction of this government that the industry promoted and generated by this subvention to the provision of cheaper electric energy in the Atlantic provinces will be worth many times the money expended. Given electric energy at a cost competitive with that available in other areas of Canada the people of the Atlantic region will be in a much better position to compete successfully with all comers in Canada or elsewhere.

Perhaps I should make it clear, Mr. Chairman, that the legislation to be introduced under the terms of this resolution will not in itself appropriate or authorize the expenditure of any sums of money. The legislation is enabling legislation, to permit agreements to be entered into for the program I have outlined. The funds required each year to carry out the program for that year will be sought from parliament in the normal fashion in the estimates. It is the purpose of this government through this and the Beechwood measure to enable the people of the Atlantic provinces to have cheaper electric energy. It will then be possible for them to develop, process and utilize more effectively their natural resources. It will make for a better Canada. It is the first step in what I hope will be a continuing series of measures designed to develop Canada. As agreements in principle are reached with other provinces on projects the pattern of the government's over-all policy for development will become clear.

This program is a co-operative one with the provinces in the Atlantic area. Some hon. members may say that there is nothing in it for Newfoundland or Prince Edward Island That, Mr. Chairman, is not an accurate statement. True, it may be inappropriate for Newfoundland at this time to seek to build thermal plants. However, transmission lines and related facilities, which are, as you know, often very costly—and indeed of great importance in the development of a power system—could be built by the federal government and sold to Newfoundland on the same basis as for Nova Scotia or New Brunswick. The same can be done for Prince Edward Island.

This program of lending aid to provinces which have not shared the advantages of the remainder of Canada in the development of their natural resources will help not only to develop Canada's natural resources in that area, but such a program is among the first steps of this government to speed up the development of Canada's natural resources by Canadians for Canadians.

However important and essential it is, firstly, to obtain thermal power generating and transmission facilities in the Atlantic provinces and, secondly, to obtain them on these advantageous financial terms, the resolution forecasts yet another means of reducing the cost of thermal power in the Atlantic provinces. And it is this means which alone is truly significant in the reduction of the mill rate to the power user. I refer to the subvention on Atlantic provinces' coal consumed in the manufacture of thermal power in these provinces if the provinces so request.

As hon. members know, the coal used in different plants most often has differing heat value. The coal subvention contemplated by this bill will be calculated at that rate per million heat units—technically known as British thermal units—necessary to equalize the cost of the heat in the coal produced and used in the Atlantic thermal plants with the same cost in central Canada thermal plants.

The final and exact figure of the subvention will form part of the agreements to be entered into with the respective provinces. Reports received from 12 plants in Nova Scotia and New Brunswick show that in the 12 months ending August 31, 1957 these plants used 927,257 tons at a total cost of $9,150,580 or an average cost of $9.69 per ton. This coal contained, on the average, 11,885 British thermal units per pound. The average cost per million B.T.U. was 41.51 cents. The central Canada plants consumed during the same period 1,459,881 tons of coal and the cost per million B.T.U. was 34.73 cents. On the basis of these figures, the assistance would be the difference between 41.51 cents and 34.73 cents or 6.78 cents per million B.T.U.

The rate of assistance per ton will vary with the quality of the coal used in the individual plants. For example, a plant using coal with a heat value of 13,325 B.T.U. per pound would qualify for $1.81 per ton at the rate of 6.78 cents per million B.T.U., while another plant using coal of 11,190 B.T.U. per pound would rate $1.62.

After discussion with the premiers of the two provinces which have sought federal aid so far it has been agreed that the assistance will be at a defined rate for a period of five years from the date of the agreement. May I say at this point, Mr. Chairman, how much I appreciated the friendly and co-operative spirit of Premiers Flemming and Stanfield in the meeting I had with them. They most ably represented the interests of their provinces, but when a compromise had to be reached they agreed co-operatively and in a sense of complete understanding.

I should add, Mr. Chairman, that the subvention will not be restricted to thermal plants operated by power utilities or commissions but would also be paid to industrial plants producing thermal power for their own use and for sale. The subvention would be paid to the province's designated agency and the province will be responsible for a fair distribution among power producers.

The subvention on coal for power production based on such a differential and paid on performance should, firstly, give the Atlantic provinces an opportunity of competing more successfully with the rest of Canada from the viewpoint of power costs. Secondly, there will be an indirect support for Atlantic seaboard coal to be used in this region. And, thirdly, there will be an incentive to buy, produce and deliver coal of good quality for the production of the cheapest power possible in the Atlantic region. As I have indicated previously, the cost of the coal subvention for a full year is estimated to be $1,700,000. Such a subvention would be paid from funds appropriated annually for this purpose by parliament.

Hon. members will recall from my statement that the program of work envisaged for Nova Scotia and New Brunswick over the fiscal years of 1957-58 and 1958-59 is of the order of $12.7 million. In the case of Nova Scotia, one 20 megawatt addition will be made to the Trenton thermal plant at a total cost of about $3.2 million. In the two fiscal years mentioned the cost for the Trenton plant would be about $2.3 million. Transmission lines in Nova Scotia and terminal facilities would account for another $1 million.

So far as New Brunswick is concerned, a 50 megawatt plant will be established at East Saint John. In the two fiscal years, the cost will amount to about $3.3 million. The ultimate cost of this plant is estimated to be $10 million. Transmission lines and facilities would cost another $6 million in the two fiscal years.

At the end of these two fiscal years the two provinces will be well on their way not only to complete interconnections within the provinces but between both these provinces. This should relieve both these provinces of the necessity of providing immediately for additional reserve or standby capacity as a linked-up system will provide its own reserve capacity and two linked-up systems will provide mutual support to each other.

On the previous resolution, the treasury benches were asked questions about comparative power figures and the Minister of Finance assured hon. members that I would give these during the course of my remarks this evening. The government was asked, what would be the cost of replacing Beechwood power by thermal power, assuming 300 million kilowatt hours, 6 per cent money and a coal subvention. I should state here that the answer given was that such Beechwood power would cost between 7 and 7.5 mills. That was the answer I gave earlier in the house and which now appears in *Hansard*.

It has been estimated that 300 million kilowatt hours produced by a 50 megawatt unit at Saint John financed at 6 per cent would cost about 8.93 mills per kilowatt hour. The coal subvention on such an amount of power, I am informed, would come to about .9 of a mill and thus, in this case, the net cost of replacement power would be about 8 mills compared with 7 to 7.5 mills in the case of hydro power from Beechwood. Therefore, hydro power, even with a subvention on coal at Saint John, is definitely cheaper.

Mr. Lesage: Yes, but with an 85 per cent load factor.

Mr. Hamilton (Qu'Appelle): The figures I have just quoted are based on a 50 per cent load factor. Incidentally, Mr. Chairman, if my hon. friends who pressed me so hard to get a copy of the Montreal Engineering report will look at page 26 they will find that with interest at 7.5 per cent the estimated cost is about 10.65 mills. I am quoting from memory, but I think it is page 26.

Mr. MacEachen: Will the minister permit a question? Could he tell me how many tons of coal would be involved in the production of that block of electricity, 300 million kilowatt hours?

Mr. Hamilton (Qu'Appelle): For the one plant at Saint John?

Mr. MacEachen: Yes.

Mr. Hamilton (Qu'Appelle): I could not give that detail offhand. I have seen it but I could not give it offhand. There is one point, Mr. Chairman, which I think is too often overlooked. The New Brunswick and Nova Scotia systems we speak about are to be integrated systems. The Beechwood project will not be used to carry the base load. I heard a good deal of discussion about this this afternoon and I should like to say a word or two about it.

The base load will be carried by thermal power. I am not a power systems engineer, Mr. Chairman, but I am informed that the cost of power is determined largely by what it will cost to meet the peak demand. With two excellent units such as at the new Beechwood plant the cost of peaking will be below that of thermal power. Moreover, further thermal plants will not be needed to meet the peak demands which are growing at a very rapid rate in New Brunswick and Nova Scotia.

The best engineering advice has indicated that the two Beechwood units now being installed can be "used to good advantage for supplying peak power and secondary energy". The same engineering advice recommends the construction of a 50 megawatt unit in east Saint John if immediate interconnection is not available. This same advice recommends interconnections between the two provinces. This is the program we propose to follow which, I feel convinced, will result in a lowering of costs for industrial power and the further development of the natural resources of these Atlantic provinces.

I have spoken tonight on the resolution, Mr. Chairman, and I think that hon. members will realize that in dealing with the problem of a power system in the four Atlantic provinces a good deal of the information can only be brought out properly in the committee stage. But in view of the turn that the debate on the Beechwood resolution took today I want to conclude with one or two observations which I think will bear listening to.

In the first place, when we looked at this problem in the maritimes we were faced with the fact that here was an area in Canada short of power and generally speaking what power they had in these two provinces in particular was very high-cost power. Then we had to take a look at the situation not only from the point of view of handling the power requirements of these two provinces but of fitting them into the over-all national development philosophy.

Mr. Lesage: What is that?

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): We were elected on the pledge that we believed in one Canada. This meant that people in all parts of Canada and all groups in Canada would have equality under a Progressive Conservative government.

Mr. Lesage: Mr. Chairman, I rise on a point of order. Do I understand that under this resolution it is all right to discuss the national development policy of the government?

The Deputy Chairman: As a matter of fact, I think the minister was out of order in the last statement he made.

Mr. Hamilton (Qu'Appelle): Then I am to understand that discussion on the resolution we are now considering will be confined entirely to thermal projects and transmission lines as clearly outlined in the resolution.

Some hon. Members: Oh, oh!

An hon. Member: You asked for it.

The Deputy Chairman: In the extended resolution but no further than that. I see the hon. member for Montmagny-L'Islet.

Mr. Hamilton (Qu'Appelle): I should like to complete my statement, Mr. Chairman.

The Deputy Chairman: I am sorry; I thought the hon. gentleman had finished.

Mr. Hamilton (Qu'Appelle): I want to go back to the second part of my observations. The Atlantic provinces are a power deficit area, an area which presented tremendous economic difficulties in working out the thermal power grid problem. We recognized that every device possible had to be used to achieve the aim of the government which was to provide cheaper power in this area. The devices used were first of all the usual device of interconnections. Second, there was the use of a coal subvention. Third, there was the question of tying in the hydro power in the plants already existing in the two provinces with the basic thermal plants to give maximum efficiency.

May I give hon. members one figure which I think will be useful in this debate. If we had kept the two provinces separate we would have had to build 16 plants while this integrated system only calls for 10 plants. By the combination of the thermal and hydro plants in one province together with the combination of such plants between the two provinces we were able to cut the cost little by little until I think we have reached the objective that was so necessary to attract industry to the Atlantic provinces at a figure approaching 7 mills.

I thought that when I came to the house with this information there would be general

support among all parties and I felt very proud indeed that as a new member of the house I should be allowed to play a part in one of the moves that will help one part of Canada to achieve some measure of economic uplift that has been so badly needed.

Mr. Pickersgill: Mr. Chairman, before my colleague proceeds I have one very brief question I should like to put to the minister. If I understood him correctly, he said that the policy of assisting in the development of plants would apply only to Nova Scotia and New Brunswick. Does that mean that the government has not accepted the request of the premier of Newfoundland that modification be made to permit assistance to hydro plants as well?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, one point I made in my statement was that we had worked out this program with the two provinces which had asked for help. At their request we confined the matter to thermal plants and, although I hardly dare mention it after the discussion we have had, to Beechwood. So far as power costs are concerned, the hydro and thermal plants are interconnecting and we expressly framed the legislation so that the other two provinces could be included if they could establish a need for thermal plants, although at the moment I do not think that is apparent.

Somebody asked me a question last fall about nuclear energy which is not something to be ignored in the long-range picture in these power-short areas. The terms of the legislation apply only to thermal plants and interconnecting lines regardless of whether they carry thermal or hydro power within or between provinces. Transmission lines may be very much needed in Newfoundland and they could be covered. I think that is about the extent of the question.

Mr. Pickersgill: I am not quite clear about one point. Would a thermal plant in Prince Edward Island or in Newfoundland, if there were any such projects, come within the ambit of the minister's proposal?

Mr. Hamilton (Qu'Appelle): Yes. May I just repeat this to be absolutely clear. If there were a thermal plant required in Newfoundland or if there were any kind of thermal plant required in Prince Edward Island, they could come under the terms of this measure. If there were transmission lines required in any one of the four Atlantic provinces, they would come under this measure.

Mr. Lesage: Mr. Chairman, the Minister of Northern Affairs and National Resources said that he was proud to outline this program for the building of thermal plants and transmission lines in the Atlantic provinces. I am proud that he feels proud, because after all he was just dealing with the implementation of Liberal policy which was announced in this house by Mr. Harris in his budget speech on March 14 last. I, myself on April 9 gave more details about the project which was being developed by the previous administration to build thermal power plants and transmission lines for interconnection purposes in the Atlantic provinces. The statement I made at the time was a comprehensive one and an outline of the plans we had in mind can be found at page 3293 and following of *Hansard* for last session. The object of the then government was to secure power at the lowest possible cost, and at the same time use maritime coal as the fuel for that purpose. I said at that time, and may I quote from page 3294 of *Hansard* for April 9, 1957:

> It has been decided that an immediate study should be undertaken to determine what new capacity may be required in the two provinces—

That is in Nova Scotia and New Brunswick.

> —and, having regard to possible new interconnection lines, what would be the most effective and economic location. This study will be undertaken by Montreal Engineering Company as consultants for the Northern Canada Power Commission. The study will be carried out in full consultation with the power commissions of the two provinces.

The report of the Montreal Engineering Company was expected in the month of August. In the meantime there was correspondence between the authorities in Nova Scotia and New Brunswick and myself. There were meetings of the officials of the two provinces and of the department to settle all possible details and be ready to proceed at once when the report of the Montreal Engineering Company was received. When the present government took over we had made good progress in our discussions with the provinces.

According to the correspondence which has been tabled in this house, negotiations between my immediate successor, now the Minister of Agriculture, and Mr. Flemming, the premier of New Brunswick, continued in July. In the first days of August the report of the Montreal Engineering Company was received by the government and copies were sent to the premiers of Nova Scotia and New Brunswick. The report has now been tabled in this house. This report contains very definite recommendations. On November 14, when he tabled the report, the Minister of Northern Affairs and National Resources had this to say, and I quote from page 1102 of *Hansard* for the present session:

> In doing so—

That is tabling the report.

—I should like to make it clear that the report is in the nature of professional engineering advice on a specific range of problems. In providing such advice, which I think has been very competently given, the engineers of the company had to examine to some extent or make assumptions on certain matters not strictly of an engineering character. In relation to these there can well be differences of view, without affecting the accuracy of the technical advice. Unless this is understood there could be misinterpretation of some aspects of the report.

This report contains definite recommendations, seven in number, which can be found immediately after the chapter entitled "Findings". I do not believe it is necessary to read them at this stage, but I certainly would like the Minister of Northern Affairs and National Resources to tell the committee—if I could have his attention for a moment, I am making a request of him. I said that the report of the Montreal Engineering Company contains seven very definite recommendations. I should like the minister, when he replies, to tell the committee if each one of those recommendations has been accepted and what action has been taken, if any, on each of them. I ask this question in the light of the comments made by the Minister of Northern Affairs and National Resources which I quoted a few moments ago, comments made in this house on November 14. I ask the question also in the light of the comment made on the report in a letter dated September 6 last and written by Mr. R. E. Tweeddale, chief engineer of the New Brunswick Electric Power Commission, to the premier of New Brunswick.

In the correspondence which was tabled in this house, according to an order of the house on a motion by the hon. member for Gloucester, there is a copy of a letter written by the premier of New Brunswick on October 11 to the Prime Minister, enclosing a copy of his comments on a memorandum of the Minister of Northern Affairs and National Resources dated September 30 and entitled "Power Problem in the Atlantic Provinces". As was said the other day on a question of privilege by the hon. member for Gloucester, this memorandum of the minister has not been tabled with the correspondence, and with the comments on such memorandum. All members of this committee are placed in a position where it is impossible to weigh the criticisms made in the comments of the premier of New Brunswick against what is described as the "memorandum of proposals of the Hon. Alvin Hamilton". I am sorry I am giving his name, sir, but this is the title of the paper to which I am referring.

There are four pages of these comments and at one point, on page 3, it is said that the Minister of Northern Affairs and National Resources does not conform to the principles which have been discussed over the last six months by representatives of the government of Canada and representatives of the governments of New Brunswick and Nova Scotia. In his comments the premier of New Brunswick outlines his opinion of the main conditions of the agreement to be reached. I would again ask the Minister of Northern Affairs and National Resources if he would kindly table the memorandum in order to make it possible for members of the committee to understand exactly what has happened between him and the premier of New Brunswick and to know what the attitude is, on the one hand, of the premier of New Brunswick and, on the other, of the present government.

I should like to know what has been done about the criticisms of the premier of New Brunswick to try to satisfy him. These criticisms are contained in those comments I was mentioning, and they can be found at pages 95 and following of sessional paper No. 117. According to the program that was outlined by the then minister of finance and myself last spring, the thermal plants and the transmission lines were to be built by Northern Canada Power Commission after tenders were called and in the usual course the contracts were to be allotted to the lowest tenderers in a position to fulfil the contract, and this would be done in co-operation with the province.

Mr. MacInnis: Would the hon. member permit a question? How can you tie in the statement with the statement made by your then leader in New Brunswick when he said that if power could not be produced at a reasonable cost in the maritimes, the maritimes would have to do without the power? How can you tie it in with the statement by the then prime minister that coal was too valuable a product for future generations and should be left in the ground for the manufacture of synthetic materials? How can you tie it in with the former minister's statement—

Mr. Knowles (Winnipeg North Centre): Perhaps the hon. member would address the Chair as is required in this house.

Mr. Robichaud: He would rather be outside.

Mr. MacInnis: I apologize, Mr. Chairman. I do not have the experience enjoyed by these other hon. members and I may be carried away by my feelings.

The Acting Chairman (Mr. Chown): Perhaps the hon. member would confine himself to asking his questions one at a time.

Mr. Lesage: I do not know what former leader in New Brunswick the hon. member was referring to.

Mr. MacInnis: The former prime minister.

Mr. Lesage: I have here a transcript of the speech he made in Fredericton on May 23. Is that the one the hon. member is referring to?

Mr. Robichaud: He would not know the date.

Mr. Lesage: I quote this transcript:

> Our offer is to collaborate with the provincial governments and their power agencies to get for the people of New Brunswick and Nova Scotia power at the cheapest cost that may be made available (applause).

And rightly so. That was exactly the program.

Mr. MacInnis: If the Chair will permit me to say so, I am not at all surprised at the prime minister.

Mr. Robichaud: Get outside of the house and fight it out.

The Acting Chairman (Mr. Chown): Would the hon. member confine himself to questions.

Mr. Lesage: If I allow questions, and I usually do so.

An hon. Member: You are afraid of them.

Mr. Lesage: I am not afraid of questions. I have never been afraid of questions. I believe I should be the last member to be accused of being afraid of questions, in spite of the fact that I am not speaking in my own mother tongue, and that when I came into this house in 1945 I could hardly speak a word of English. I have no lessons to receive from those hon. members.

Mr. Chairman, when I was interrupted by an hon. member who would rather settle this question outside of the house, I was saying that last year our proposal was that the Northern Canada Power Commission would build the thermal plants to be established in Nova Scotia and New Brunswick and also the transmission lines under the tender system. I am asking the minister whether he has reached agreement with the provinces to the effect that this part of the program stands.

I should like the minister to tell the house under what conditions these plants and transmission lines will be operated. The Prime Minister, when he mentioned this program on November 14, said I believe that these plants and transmission lines would be sold at cost to the provinces, as we had intended in the program I outlined in April last, whenever they wished to purchase them. Do I understand that until the provinces have purchased the new installations these installations will be operated by the Northern Canada Power Commission? When the Northern Canada Power Commission operates these plants and transmission lines how will the cost of power be calculated? On what rate of interest? Will it be the same as our proposal which was the current rate of interest for crown corporations? What will be the depreciation or amortization period for transmission lines with steel towers? Will it be 40 years as we had proposed? What will it be for the thermal plans? Will it be 30 years as we had proposed? When they are turned over to the provinces who want to purchase them, what will be the period over which the provinces will be allowed to repay or will they have to repay on a cash basis? All these are questions which I believe are pertinent and which I suppose will be part of the agreements that the resolution seeks authority to conclude with the provincial government.

Mr. Brooks: It is very easily answered.

Mr. Lesage: I hope it is, because it was all arranged before you took over.

Mr. Brooks: That is not a big problem.

Mr. Lesage: The answer is always easy when it has been arranged before this government took over.

Mr. Brooks: They did not know what the cost was going to be.

Mr. Lesage: In a moment I am going to say a word about cost. I am coming to that matter now. Before I resume my seat I just want to say a word about the cost of power. According to the report of Montreal Engineering, which was received by the government on August 1 after this government had taken over, this is the situation. This can be found at page 5 of the findings:

> The average annual load factor in the maritimes is about 50 per cent. On that basis, and using Sydney coal, steam power produced in New Brunswick in 1960 in a large new power station, financed by public funds, would cost approximately 1¼ cents per kilowatt-hour.

When I asked the minister a question at the end of his speech the minister referred me to pages 26 and 27 of the report of Montreal Engineering. There the cost per kilowatt-hour at 50 per cent load factor is mentioned as being at this time, for a 66 megawatt thermal plant firing coal, 11.35 mills per kilowatt-hour. The figure the minister has given in answer to the question asked by the hon. member for Inverness-Richmond about the cost of power at Beechwood with two units was 7 to 7.5 mills per kilowatt hour.

But as I said, if he looks at his answer he will find it is based on an 80 per cent to 85 per cent load factor. The Minister of Finance this afternoon, when I asked him a question as to how much more it would cost per kilowatt hour on a 50 per cent load factor, just said, "it will be proportionately higher". I should like to know how much more it would be.

The minister has very competent officials and I hope that tomorrow he will be able to give me a reply and to give me the exact figure in mills so that we can compare the cost at Beechwood on a 50 per cent load factor with the cost of power from a 66 megawatt thermal plant, firing coal, at East Saint John on the very same basis. In view of these figures that have been mentioned and the one he mentioned a few moments ago when he said he thought the East Saint John plant would produce power at a cost of 8.93—I think that is the figure he gave—

Mr. Hamilton (Qu'Appelle): 8.93.

Mr. Lesage: I suppose that is a 50 per cent load factor because of the difference of the figures I find in the Montreal Engineering report. When the minister replies, I would like an explanation as to the discrepancy between his figure of 8.93 mills and the figure mentioned in the Montreal Engineering report at page 27 of 11.35 mills. I would also like the minister to comment on these figures in the light of the letter which was addressed to his immediate predecessor the Minister of Agriculture, on August 6, 1957, by the premier of New Brunswick from which I would now like to quote:

> I am attaching copy of letter which I have received from Mr. John C. Udd, president of Stratmat, Ltd., providing, in some detail, information as to the probable power requirements of the proposed ferromanganese project of the Stratmat company in the Woodstock, New Brunswick area.
>
> As you will note, a price of 7 mills for power will be an essential requirement in the plans for development. It will be seen the immense importance of the—

This is not too well copied by your department.

An hon. Member: You trained them well.

Mr. Lesage: I did not train them. I continue:

> —importance of the price of power to the New Brunswick Electric Power Commission in this, as well as in other mining projects.
>
> Attached is a copy of the letter from Mr. Udd as mentioned in the letter of Mr. Flemming, confirming that his company is ready to go on as long as the electric power can be obtained at a price not to exceed 7 mills per k.w.h.

[Mr. Lesage.]

I would like the minister to comment on this and to know what kind of representations he has received from the premier of New Brunswick in the light of the Montreal Engineering report, especially as to the cost mentioned in that report.

This, as I have said, is a continuation of Liberal policy. It is the implementation of a policy which had been conceived and developed under the previous administration. I welcome it and I hope the answers I will obtain to the questions I have asked will prove that the only thing the Minister of Northern Affairs and National Resources, his government and his officials can do is really to try to improve what had already been so well done.

Mr. Macdonald (Vancouver-Kingsway): In rising to say a few words in support of this resolution before the committee I note and am glad that the minister has said that he has been acting at the request of two of the provinces and I assume from that there has been good co-operation between the federal government and the two provinces in question. What would have been the situation if these provinces had not asked for the assistance of the federal government in their power projects? What would have been the situation if they had run after private money elsewhere at greater cost, rather than even make a request for assistance from their own national government? What would have been the situation had they run, say to the Krupp interests or to the Wenner-Gren interests who were so closely allied with the nazi war effort which so recently came to its dismal conclusion rather than to seek support in a national development program?

As one member of this house I want to say to all other hon. members that I was shocked and dismayed to see that this had been the attitude of the British Columbia government with respect to the development of the Columbia basin. Certainly ever since this government took office, according to starred question No. 45, the British Columbia government has not even requested assistance in the development of the Columbia basin.

Mr. Van Horne: Mr. Chairman, I think we are all pretty well agreed that these measures serve to implement Conservative policy and Liberal promises. I recall very well during the last campaign picking up the Liberal manifesto of the 1949 election when these very resolutions which we are introducing here tonight were the crux and the basis of the Liberal campaign at that time. It has always been the task of a Conservative government to implement Liberal promises and I feel quite certain that our sincere friends

on the other side of the house will not hesitate to give this measure the support it deserves.

This resolution, like the one that was presented today to the house for Beechwood, confirms in a very concrete manner the determination of this government to carry out to the letter the program of our party as it was explained to the people of Canada before and since the general election. We who sat on the opposite side of the house while the former government dilly dallied and pussy footed around and ignored our just and long unanswered demands know how the present opposition—the long to be opposition—ignored the long neglected rights of the Atlantic provinces. All that is needed is a review of our demands over the years and the do-nothing reaction these demands received from the former government to understand very clearly the record of the late Liberal party as being one of indifference, inaction and downright irresponsibility toward the people of the maritime provinces.

In the long and colourful history of the maritime provinces the rights of those provinces have stood out as being neglected by the federal government. I think we must recognize that our economic troubles in the maritime provinces really began with confederation. The promises and the considerations upon which the maritime provinces of Nova Scotia and New Brunswick—

Mr. Pickersgill: On a point of order.

Mr. Van Horne: —entered confederation—

Mr. Pickersgill: On a point of order, in the light of the rulings of the previous chairman I wonder how the hon. member relates what he is saying to thermal plants?

Mr. Van Horne: I am merely reciting these points to illustrate and lead up to my main point which is that we in the maritime provinces are very grateful now that we have finally got a government in Ottawa which will recognize our rights and do something about them. One has only to consider the history of the maritime provinces since confederation and the inaction on the part of the Liberal government for the past 20 years.

The Acting Chairman (Mr. Chown): Order. Would the hon. gentleman please confine himself to the contents of the resolution before the house.

Mr. Van Horne: The only purpose in my rising this evening is to say how grateful we are in the maritime provinces that at last we have a government which is prepared to do something, and not a government such as we had previously. I can recall when I was sitting as a member of the opposition getting up time after time to ask the prime minister when he was going to buckle down and do something for the maritimes; I can recall one occasion when I accused the former government of staging a sit down strike, and the prime minister answered: I wish the hon. member for Restigouche-Madawaska would go on a sit down strike himself—

The Acting Chairman (Mr. Chown): I am sorry, but I must ask the hon. gentleman once more to confine his remarks to the resolution.

Mr. Van Horne: It is indeed an honour, Mr. Chairman, to support this resolution. It may be very useful to say a word or two to hon. members of this house who do not come from the maritime provinces on the advantages it will bring us from a trade point of view. The development of our industry is based upon power; it is based upon power co-ordinated with transportation. If the maritime provinces had one advantage before confederation it was cheap transportation by water, and if there is one thing which has hindered our progress since confederation it is transportation difficulties coupled with the lack of power.

I am not averse to mentioning a subject which was touched on by the hon. member for Montmagny-L'Islet a few minutes ago. I recognize that this problem has been under study by the previous government. That is to their credit. What is not to their credit is that they did not have the stamina to enforce that policy while they were in office, and it has remained for this government to take the initiative to put into action the policies which are embodied in this resolution.

Mr. Robichaud: Mr. Chairman, the hon. member who has just resumed his seat stated that the present solution is a combination of Conservative policy and Liberal promises. In order to put him straight I would point to the first part of the memorandum from the premier of New Brunswick, tabled as Sessional Paper 117, part of which reads as follows:

> The government of New Brunswick has reviewed the memorandum of the Hon. Alvin Hamilton, the Minister of Northern Affairs and National Resources, relating to federal assistance with electric power development in New Brunswick and Nova Scotia. The review has been carried out against the background of a considerable number of documents and correspondence beginning with the so-called "budget proposals" of March 1957 and continuing through a series of conferences by representatives of the two provinces with the present federal administration and its predecessor.

Now, Mr. Chairman, the resolution before the committee at this time has to do with a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy and

thermo electric projects, and also in the control and transmission of electric energy together with provisions for the payment of subventions on coal used in the production of electric energy. It is, as stated by the hon. member for Montmagny-L'Islet, but the implementation of a policy initiated last spring by the previous administration.

In the correspondence and documents tabled under Sessional Paper 117-B we had access to the correspondence which took place since the announcement made by the former minister of finance in presenting his budget on March 14, 1957. Included in this sessional paper was a letter from the premier of New Brunswick to the Prime Minister of Canada, under date of October 11, 1957, which read as follows:

My dear Prime Minister:

I am enclosing a copy of my comments on the memorandum of Hon. Alvin Hamilton, dated September 30, in connection with "Power Problem in Atlantic Provinces", which, I trust, will be helpful to you in presenting our point of view.

With best wishes,

Yours sincerely,

Hugh John Flemming

Also attached to this letter was a memorandum from the premier of New Brunswick on the proposals of the Minister of Northern Affairs and National Resources relating to financial assistance with power development in New Brunswick and Nova Scotia. Yesterday, rising on a question of privilege, I asked the minister for the tabling of this proposal which was not included in the sessional paper, and I stated rightly that it was part of the documents which were asked for following a return to an address of the House of Commons, dated November 6, 1957, for a copy of all correspondence and other documents exchanged between the federal government or any of its departments and the governments of the provinces of New Brunswick and Nova Scotia or their respective power commissions, from April 1, 1957 to date, regarding the development of electrical energy.

In his reply the Minister of Northern Affairs and National Resources stated that the document referred to was a private document that was circulated to certain of his colleagues. It was concerned, stated the minister, with basic Conservative policy, not government policy, on development with application to the Atlantic provinces, and he added, I quote:

A copy was shown to the premier of the province of New Brunswick. My department advises me that they did not consider it as part of their records and since it was not used in the department, it is not part of the documents requested.

[Mr. Robichaud.]

Mr. Pallett: On a point of order, Mr. Chairman, the hon. member is now speaking on a subject with regard to which a comment was made by the Speaker when the house was sitting, and he will recall that at the time the Speaker advised him that if he wished to pursue the matter further the proper course would be to bring forward a motion for the production of that particular paper. I suggest to you, Mr. Chairman, that this is not the time to discuss this matter.

Mr. Robichaud: Mr. Chairman, the document which I am discussing now has a direct relation to the resolution before this house. It is a document which has to do with correspondence and documents relating to the development of electric power and thermal plants in the Atlantic provinces.

An hon. Member: How do you know?

Mr. Robichaud: We do know, judging from the comment made by the premier of the province of New Brunswick on this particular document.

The motion for production of papers which was approved by this house clearly stated:

A copy of all correspondence and other documents exchanged between the federal government or any of its departments, and the governments of the provinces of New Brunswick and Nova Scotia or their respective power commissions.

How can we take it for granted that the federal proposal was only shown to the premier of New Brunswick as stated by the Minister of Northern Affairs and National Resources when in his letter to the Prime Minister the premier of New Brunswick says: "I am enclosing a copy of my comments on the memorandum". How can it be considered as a private or secret document when the comments of the premier of New Brunswick on this very proposal were tabled in this house on January 3? This again is clear evidence of the attitude of the present government, and at this point I feel I am justified in using the very words of the Prime Minister when, in his final television broadcast on June 5 last, five days before the general election, he said:

Day by day, week by week, as parliament met, these men determined that they would not furnish information and refused information over and over again.

These words of the Prime Minister are so readily applicable today to the present government that I feel justified to apply them in this particular case just as well as they were applicable when the Beechwood bill was discussed earlier.

Without having seen the federal proposal, if we are to judge from the memorandum showing the reaction of the premier of New Brunswick we must conclude that the

unqualified acceptance of the proposal would entail specific points of difficulty in the conclusion of any agreement. For instance, in his reply the premier of New Brunswick stated that the method of financing power development outlined in the proposal entailed rates of interest considerably in excess of anything proposed to date by the government of Canada to the government of New Brunswick.

It is further stated that if the rate of interest for power development should be substantially above the federal long term rate, and if the price of power from new generating units financed with federal assistance was to be based on the principle of earning 5 to 6 per cent on invested capital, as stated in the memorandum which has been refused to us for obvious reasons, then the price of power would be at a level which would completely discourage development by high load factor power users in the pulp and paper industry and in the metallurgical industry.

It is clearly stated that the memorandum does not conform to the principles which have been discussed over the last six months by representatives of the government of Canada and representatives of the governments of New Brunswick and Nova Scotia, and which were dealt with in detail at the meeting held in Ottawa on August 13 and 14 between the Prime Minister of Canada and certain of his officials, and the premiers of New Brunswick and Nova Scotia and certain of their officials.

In its report of the power supply of New Brunswick and Nova Scotia for the Northern Canada Power Commission, the Montreal Engineering Company made certain recommendations which I think should be placed on the record:

(1) That the additional power that will be required in New Brunswick and Nova Scotia in the next decade be generated in the main in a number of large steam plants feeding into an interprovincial grid. Any hydro power that can be obtained to better advantage should also be developed.

(2) That the steam plants be located where they will be reasonably close to the load centres, have rail connections with the Sydney and Pictou coal fields, and be on tidewater, so that coal and oil can be purchased in the cheapest markets.

(3) That the sites for such steam plants be Saint John, Halifax, Trenton and Sydney, and possibly given sufficient increase in load in northeastern New Brunswick, near Chatham or Bathurst.

(4) That the electric utilities endeavour to complete the interconnections between their power systems by the end of 1959, the transmission lines to be single circuit and operated initially at 138 KV. As regards the new sections of line that will complete the link between Saint John and Halifax, serious consideration should be given to designing them so that they can eventually be operated at 230 KV.

(5) That the utilities also do their best to work out an agreement between them that will provide for the orderly installation of additional generating capacity and for the sharing of the cost of spare capacity.

(6) That if an adequate interconnection cannot be arranged in the near future, the 50 megawatt unit now on order by the New Brunswick Electric Power Commission be installed in Saint John with all possible dispatch.

(7) That if the completion of an adequate interconnection between the New Brunswick and Nova Scotia power systems can be assured, and if no unforseen increase in load develops, the installation of the first unit in the new steam plant in Saint John be deferred until 1961, and if cancellation and other charges are not excessive, consideration be given to increasing its capacity substantially.

It appears obvious that in view of this recommendation, and judging from what has been said so far, the government has decided to proceed with the installation of large steam plants feeding into an interprovincial grid. At this point, I want to urge the government to give very serious consideration to the location of the plants to be built in the next year or so in order to provide the necessary power for the development of our mining resources. The Brunswick Mining and Smelting Corporation have already announced their decision to proceed with the construction of a lead and zinc mill and also with a lead smelter at Caron Point, near Bathurst. The Prime Minister on September 27 last, made the announcement that the government was prepared to share in a major harbour development at Bathurst in conjunction with the mining company's plans for a $20 million expansion and development program in that area. Such a project if realized would have automatically required a substantial output of electrical energy and it would only have been logical, practical and economical that such thermo plants be constructed at Caron Point at the proximity of the load centre required by this proposed mineral expansion. Furthermore, Caron Point would have offered year-round deep-water facilities in addition to its rail connection which could make it an ideal site for such a proposed unit.

When the increase in load will be required in eastern New Brunswick it will naturally originate from the development of our mineral deposits and I was hoping that the government would be practical in choosing the Caron Point site for its first thermo plant, thereby taking advantage of relatively cheap transportation, the most advantageous in the province for the coal or oil required for the operation of the plant. Unfortunately, the announcement made in the last few weeks by the Brunswick Mining and Smelting Company to the effect that their operations would be curtailed for a certain period has greatly upset the people in Gloucester county and

the entire population of New Brunswick. I understand the officials of this company were in Ottawa during the week of December 15 and that discussions took place at that time.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Marler: Mr. Speaker, could the leader of the house tell us what business we shall be taking tomorrow and the following day?

Mr. Green: Mr. Speaker, tomorrow we shall continue with this resolution and then take the estimates of the Department of Justice, the Department of Fisheries and the Department of National Revenue.

Mr. Marler: Is the house leader in a position to say whether we shall go on with that program on Friday?

Mr. Green: So far as I can say at the moment, we will be continuing with these estimates on Friday.

Mr. Knowles (Winnipeg North Centre): And Saturday?

Mr. Green: Now, do not ask too much!

Mr. Pickersgill: That would be taking us into your confidence.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

POST OFFICE, REGINA—STAFF REDUCTIONS

Question No. 309—**Mr. Ellis:**

1. Is the Post Office Department making reductions in the staff at the Regina post office now or in the immediate future?
2. If so, in what branches or categories of service have, or are these reductions to be made?
3. What is the reason for the reduction, or proposed reduction, in each instance?
4. On whose advice or recommendation was the decision made?
5. What provision is being made for employees affected by present or proposed staff reductions?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

1. The strength of the staffs at all larger post offices is under constant review and, when warranted, additions or reductions are made. At present the staff of part-time employees at Regina is under study but no decisions have yet been made.
2. See answer to No. 1.
3. See answer to No. 1.
4. Decisions are usually based on the recommendations of senior field officers.
5. Employees affected by staff reductions are assigned, where possible, to existing vacancies.

HOUSE OF COMMONS

Thursday, January 9, 1958

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

ATLANTIC PROVINCES—INTRODUCTION OF MEASURE PROVIDING GRANTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Prime Minister how soon the government expects to introduce the bill to provide for the special grants to the Atlantic provinces, which he announced as part of the business of this session?

Right Hon. J. G. Diefenbaker (Prime Minister): At the earliest possible date. As a matter of fact, if progress is made with that expedition we hope to see with regard to the current measures, it will be introduced just as soon as the estimates covering the departments that have been called have received the attention of the house, and one or two other matters that have to be dealt with have received the acceptance of the house.

Mr. Pickersgill: I have a supplementary question. May I ask the Prime Minister whether it is intended to have these grants made available for the present fiscal year, or whether they will only be available for the fiscal year 1958-59? This is a matter that is, of course, of the greatest possible interest to all provincial treasurers.

Mr. Diefenbaker: When the legislation is introduced the terms will be revealed.

TRADE

WHEAT—REPORTED PURCHASE OF 1,500,000 BUSHELS BY AUSTRALIA

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Minister of Trade and Commerce. I ask it in view of the uncertainty he expressed with regard to possible sales of wheat to Australia. I have in my hand the Australian *Daily News*, an official publication of the Australian government in North America, dated December 13, in which this official statement was made:

> Minister for trade John McEwen said today Australia would import 1,500,000 bushels (60 lb. per bushel) of high-protein Canadian wheat for making certain types of bread in Sydney.

He also added:

> If it became necessary, more Canadian wheat would be imported—

In view of that official statement of December 13, and the fact that there has been so much confusion on the part of the minister and in other quarters of the house, I wonder whether he has seen this statement before.

Hon. Gordon Churchill (Minister of Trade and Commerce): I do not think there is any confusion on the part of the Minister of Trade and Commerce with regard to this matter. The confusion has existed in the minds of my hon. friends.

Mr. Coldwell: First of all the minister said he had not heard of such a suggestion.

Mr. Churchill: I do not recall having made such a statement whatsoever. I said I was fully aware of the situation in Australia with regard to their crop failure and the necessity they might have to import wheat if they wished to maintain their export markets. I also stated that there was no actual shortage of wheat in Australia to sustain their own population.

That would be borne out by the figures which you would find in the *Wheat Review*. I have the November issue in front of me, and the Australian supply position, as mentioned on page 29, indicates that they had total estimated supplies of 218 million bushels, with total exports of wheat and wheat flour of 92.6 million bushels, leaving a balance on November 3 for export and for carryover of 49.1 million bushels, a sufficient amount of wheat to sustain their population.

The problem facing Australia is to maintain its export position. As I understand the situation, they consider it perhaps advisable to import some Canadian wheat so they could export their Australian wheat to countries with which they have been dealing over the years. On the point as to whether or not it is essential for us to press upon the Australians the fact that we have wheat available for export, may I say that I pointed out yesterday that Australia has been in the wheat business for many years and is one of the four leading exporters of wheat, and that the Australian people in the wheat business are just as familiar with our situation as we are with theirs, because they get constant reports on the availability of supplies. We are prepared to do business with Australia; and the wheat board, I presume,

has been in constant consultation with Australian officials. I do not see the difficulty which arises in the mind of my hon. friend.

Mr. Coldwell: May I ask a supplementary question of the minister. Does he not think in view of this statement that it would have been wise for the Minister of Trade and Commerce to have followed this up, or is he reverting to the policy of a former minister who said it was not the business of the Minister of Trade and Commerce to sell wheat? I refer, of course, to Mr. Malcolm.

Mr. Churchill: Mr. Speaker, I have been spending a great deal of my time on the problem of how to advance the sale of Canadian wheat, and we are having considerable success in doing so. I am very much interested in the prospect for the sale of wheat to Australia, but I am naturally dependent upon information I receive from the wheat board. The wheat board meets daily, as my hon. friend knows, to consider possible sales, and they are not overlooking any opportunity to make sales of Canadian wheat.

OIL, LEAD AND ZINC—INQUIRY AS TO STEPS TO PROTECT CANADIAN INTERESTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Prime Minister, in view of the decision of the government of the United States to curtail to the extent of 15 per cent its imports of oil from Canada, and in view of the story contained in this morning's *Globe and Mail* about possible action with regard to lead and zinc, if he is in a position to say whether or not the story of last Friday, that he proposed to take steps this week to see the President of the United States, is true. Is he in a position to tell us what additional protests the government of Canada is making?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I do not intend to comment on any newspaper story that I have not read or seen. I can simply say this, that we intend to place this question before the United States administration very definitely and very clearly, and we have already taken steps in that direction, pointing out that in the interest of our common defence, if nothing else, action such as this should be carefully considered with all its implications.

Mr. Martin (Essex East): May I ask a supplementary question. In view of the assurance given by the Minister of Finance last Friday or Saturday, I forget which day, has a formal note of protest been sent as yet by the government?

[Mr. Churchill.]

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, perhaps I might answer that question. I do not think the hon. gentleman was in the house yesterday when the same question was asked and answered by my colleague the Secretary of State for External Affairs.

Mr. Martin (Essex East): I am sorry, but I was not here. Was the answer no?

Mr. Fleming: The answer was that the note was in course of preparation and will be presented as soon as it is completed.

[*Later:*]

Mr. Martin (Essex East): May I ask the Prime Minister, who I presume is Acting Secretary of State for External Affairs, if, in view of the fact that the Minister of Finance indicated a few moments ago that the note protesting the action taken by the United States with regard to the curtailment of oil imports had not yet been sent, and in view of the fact that that question was put to the Minister of Finance a week ago tomorrow, does the Prime Minister not think somebody has been dilatory somewhere in taking more than a week to draft a formal protest expressing the views of the people in this case?

Mr. Green: I thought you were leaving external affairs to the hon. member for Algoma East.

Mr. Diefenbaker: Having regard to some recent events, Mr. Speaker, I know that my hon. friend has a high regard for epistles, Paul's latest epistle. I also recall that on a number of occasions when my hon. friend was a member of the government—

Mr. Pickersgill: Mr. Speaker, I rise on a point of order. I do so in order to suggest to Your Honour that the Prime Minister relate what he is now saying to the question before the house.

Mr. Knowles (Winnipeg North Centre): Instead of giving a frivolous reply.

Mr. Pickersgill: Contempt of parliament.

Mr. Sinclair: It is not St. Paul but St. John the Baptist preaching.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Apparently I have aroused my hon. friends. Apparently they have guilty consciences.

Mr. Sinclair: We like our sermons on Sunday.

Mr. Speaker: Will the house allow the Prime Minister to give his answer? I think the house will appreciate that, in view of the character of the question, perhaps what the Prime Minister is saying is related to it.

Mr. Diefenbaker: I was simply pointing out, Mr. Speaker, that in the past there have been delays. In this case, however, there has been no delay because representations have been made personally and directly, and they are continuing. The formal note of protest will go ahead—if it has not already gone—to Washington at the earliest possible moment.

Mr. Martin (Essex East): I have a supplementary question, Mr. Speaker. I noted the very helpful observations made by my hon. friend the Prime Minister. He has said that protests have already gone; that is true. But my question was this. In view of the statement of the Minister of Finance that a note would be sent, and in view of the fact that that statement was made last Friday, will the Prime Minister explain why there has been this long delay in preparing this formal note with regard to a matter of this great importance?

Mr. Diefenbaker: There has been no delay, Mr. Speaker. Indeed, as I was trying to point out, on the basis of past experience with the government to which the hon. gentleman belonged, six weeks to two months' delay took place. But nothing like that is going to take place under this government.

Mr. Pickersgill: We obtained some results from our protests.

[*Later:*]

Mr. J. A. Byrne (Kootenay East): I should like to direct a question to the Minister of Finance. I am sorry that I was not able to give him notice of it but I am sure that either of his two colleagues the Minister of National Defence or the Minister of Trade and Commerce could assist him in answering. The question is with respect to the proposal of the United States government, or rather the tariff commission, that there should be an increase in the tariff on lead and zinc coming into the United States.

Does the minister feel that the speed-up of the defence program in the United States may have any effect on the thinking of congress or on the thinking of the President with regard to this matter?

Mr. Fleming: Mr. Speaker, it keeps me very busy trying to judge the mind of the Canadian House of Commons without undertaking to judge the mind of the United States congress.

Mr. Byrne: May I ask a supplementary question? I wonder, then, if the minister has anything to report whatsoever with respect to the negotiations in this matter and how we are progressing in our representations?

Mr. Fleming: There is nothing further to report, Mr. Speaker. I have kept the house fully informed on this subject, I think, ever since the session opened on October 14. The views of the Canadian government have been put before the United States administration in a way they fully understand. There is no question about their understanding the Canadian point of view with regard to this matter.

REFERENCE TO REMARKS OF HON. MEMBER FOR CALGARY SOUTH ON TELEVISION

On the orders of the day:

Mr. W. J. Henderson (Kingston): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. I regret that I have not given him notice of this question, but it is a very simple one. Last night on a television program, in commenting on the recent 15 per cent reduction in imports of crude oil by the United States, the hon. member for Calgary South (Mr. Smith) is understood to have said that the United States had little or no regard for international co-operation. I would like to ask the minister whether the hon. member was expressing the views of the government.

Hon. Gordon Churchill (Minister of Trade and Commerce): The hon. member does not need to worry about whether or not I am given notice of questions, because I have not received much notice of questions that are asked of me here. I saw the excellent television performance of my hon. friend last night and I thought he gave a very creditable performance. He is an example of the type of young Conservative who will be carrying on the government of this country for a great many years.

He was not expressing any policy on the part of the government, but was reflecting in his remarks a great many criticisms that are being directed at the administration in the United States by United States citizens, as hon. members will see by reading *Barron's Weekly* and the last edition of the New York *Times*.

OIL—ALLEGED DUMPING OF SUPPLIES FROM VENEZUELA

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce, of which he took notice yesterday. My question had to do with the dumping of oil from Venezuela, and he said that he would give an answer later.

Inquiries of the Ministry

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I took notice of the question and I have passed it over to the proper department, which is the Department of National Revenue.

REQUEST FOR REPORT ON MISSION TO COMMUNIST CHINA

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Could the minister bring the house up to date on the progress of the trade expedition to China, and indicate whether we are likely to sell any wheat to China in 1958?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, there was no trade expedition to China—

Mr. Marler: Flower gathering.

Mr. Pickersgill: Unofficial visit.

Mr. Churchill: —in the ordinary meaning of "expedition". Our trade commissioner from Hong Kong visited China and did report that there might be some opportunity to sell a certain amount of wheat in that country, but nothing has been brought to my attention in that regard during the last few days.

Mr. Nicholson: A supplementary question, Mr. Speaker. Does the minister expect that we will be able to sell wheat to China prior to recognizing the fact that the government of China is on the mainland rather than in Formosa?

Mr. Churchill: If wheat is sold to China the sales will be arranged through Chinese importers who will make contact with business firms in this country that are in the business of selling wheat.

Mr. Coldwell: Under the kind of economy they have there, are the importers not the government of China?

Mr. Churchill: I think perhaps that is correct, Mr. Speaker. My hon. friend may have more knowledge of the fact than I have, but my understanding is that the government of China operates through state-controlled agencies.

Mr. Coldwell: The only knowledge I have is the general knowledge, which is universal throughout the world, I think, at least knowledge by intelligent people.

Mr. Pearson: I have a further supplementary question, Mr. Speaker. Does the minister feel that the Chinese communist government should expiate its crimes before we can do business with it?

[Mr. Coldwell.]

Mr. Churchill: Mr. Speaker, I do not think I am called upon to answer that question.

Mr. Martin (Essex East): May I ask the Prime Minister a question. What is his reply to the question put—

Mr. Speaker: Order.

UNITED STATES—REPORTED INTENTION TO INCREASE GIVE-AWAY PROGRAM

On the orders of the day:

Mr. W. A. Tucker (Rosthern): Mr. Speaker, may I direct a question to the Prime Minister. In view of the speeches that have been made by him, which have been well received in this country and in the United States, protesting about their wheat give-away program interfering with our markets, and also in view of similar speeches of the Minister of Finance, and in view of the United States proposal to increase by 50 per cent the appropriation to take care of their farm surpluses and their give-away program, is it correct to say that the policies of the government have been properly stated by the Secretary of State for External Affairs, who said he does not think any action is necessary on our part, or that the United States surplus program is likely to interfere with the sale of wheat to our cash customers? Are we no longer concerned with the interference with the selling of wheat on short-term credit programs or anything like that? Is it the attitude of the government that we are no longer concerned about this matter in which the United States propose to increase their appropriation by 50 per cent?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if you can tell where the question began and the observations ended, I cannot.

Mr. Tucker: Mr. Speaker, the Prime Minister may think he can shut me off in that way, but the country is interested in knowing whether it is the policy of the government—

Mr. Speaker: Order. If the hon. member wishes to put the question that he wishes answered I shall give him the floor again.

Mr. Tucker: Thank you, Mr. Speaker. I should like to ask the Prime Minister if the statement of the Secretary of State for External Affairs that we are no longer concerned about this surplus food disposal give-away program represents the policy of the government?

Mr. Diefenbaker: Mr. Speaker, the interpretation placed upon the remarks of the Secretary of State for External Affairs being baseless, there is no question to be answered.

Mr. Tucker: I was stating it in his words. Is the Prime Minister aware that on January 7, 1958, the minister for external affairs said:

> We are aware of the proposed action on the part of the United States. I do not think any action on our part is necessary.

Those words are found on page 2942 of *Hansard* of that date.

Mr. Speaker: May I suggest to the hon. member that this is not the type of question which is ordinarily provided for by the rules. Hon. members presumably are aware of what is in *Hansard* and what has been said. If the hon. member has a question to direct to the Prime Minister I shall hear him, but not if it is that sort of question.

Mr. Tucker: Mr. Speaker, the Prime Minister indicated that I was putting some interpretation on what the minister for external affairs said, and I wanted to point out to him—

Some hon. Members: Question.

Mr. Tucker: —what the Secretary of State for External Affairs had said and ask him if that represents the policy of the government. Surely the Prime Minister can give an answer to that simple question.

Mr. Diefenbaker: Mr. Speaker, the statement made by the Secretary of State for External Affairs, made by a minister of the government, naturally represents the views of the minister and the government, but the interpretation placed upon the words used by the minister bears little or no relationship to the misinterpretation of the hon. member for Rosthern.

Mr. Tucker: If it is of concern to the government, what action is the government taking on the matter?

Mr. Speaker: I am sure the hon. member does not think this is the proper place to enter into a debate as to what these words mean. He has asked his question twice and he has been answered twice. I think the matter ought to be dropped there.

Mr. Tucker: May I ask a supplementary question. If I have misinterpreted this, what action is the government taking on this matter about which I understand they are concerned?

Mr. Fraser: You made a misstatement at the outset.

Mr. Marler: No action and no answer.

Mr. Lesage: No information; closure.

Inquiries of the Ministry

IMMIGRATION

ALFONZE BARDOS—REPORTED REFUSAL TO GRANT CITIZENSHIP

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): May I direct a question to the Acting Minister of Citizenship and Immigration (Mr. Fulton) and in his absence perhaps his parliamentary assistant would take it as notice on his behalf.

Has the minister's attention been drawn to a letter in this morning's *Globe and Mail* entitled "In Search of Citizenship". It is signed by a Mr. Alfonze Bardos who maintains that he has lived for 25 of his 29 years in Canada, and continuously since 1951. Twice he has applied for citizenship and he says twice he has been denied without explanation, even though he has met personally with the acting minister.

I would like to ask if the Acting Minister of Citizenship and Immigration would explain the situation, and why there has been a denial of citizenship in this case.

Hon. George H. Hees (Minister of Transport): In the absence of the acting minister I will take the question as notice and will bring it to his attention.

FREIGHT RATES

INQUIRY AS TO PRESENT POSITION RESPECTING RECENT INCREASE

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I would like to ask a question of the Prime Minister, and I am sorry I did not give him notice. If he would like to take this as notice and answer tomorrow that will be all right.

I do not want my question to be misunderstood. I am sure we are all pleased to know that the government is not permitting the increase in freight rates until the case of the provinces is heard. My question is, owing to the possible action of the railways in taking the matter to the courts, would the Prime Minister care to state what in his opinion are now the relative positions of his government, the provinces, the railways and the board of transport commissioners?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, under the law there are available, as I understand it, two courses. There can be an application to the governor in council on the part of the interested parties —and I refer of course to the provinces or to the railway companies—and that course provides for consideration on the part of the governor in council.

The other course is an appeal on a question of law or jurisdiction to the Supreme Court of Canada. There is no inconsistency in the position; there is no way the governor in council could anticipate what the railway companies might do.

The railway companies have given notice that they intend to apply for leave to appeal to a judge of the Supreme Court of Canada. The action taken by the government was that of suspension of the decision to increase the freight rates by approximately 4 per cent—3.6 per cent to be exact. The railway companies not only intend to uphold the 3.6 per cent but will apparently contend that 10 per cent, as asked for, should have been granted.

I am not going to place myself in the position of giving legal advice; naturally that would be improper. But I see no inconsistency in the position, nor any beclouding of the issues, for both situations are provided for in the statutes.

STATEMENT ON PROGRESS OF FREIGHT EQUALIZATION INQUIRY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Assiniboia asked me the following questions:

> Could the minister inform the house as to when the board may be able to make another progress report representing another step forward? Second, is he able to ascertain what the board's target date is for completion of this very important inquiry?

Mr. Speaker, the board's program in the equalization of freight rates is such that it considers that another progress report could usefully be made before December, 1959, the board's target date for completion of its program of equalization. However, equalization of commodity rates, which are now being investigated, is subject to a variety of complicating factors, for many or most of them were established because of circumstances peculiar to each commodity and the territory in which they apply.

Hearings on due notice are also necessary in various cases in Canada in order to give affected parties an opportunity to be heard for, as was stated by the royal commission on transportation in 1951, many serious problems are involved; for example, the effects that equalization may have on railway revenues, on established industries, and on trade and market patterns, all of which are matters of the utmost importance.

The board can devote only a portion of its time to equalization, for its duty requires that it attend to a heavy volume of applications and complaints respecting matters other than equalization. Factors beyond the control of the board may also make it impossible for the board to complete its program by the target date.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, may I ask a supplementary question. I thank the minister for his statement on the progress of the equalization of freight rates. I wonder if the minister might not consider whether it would be advisable for the board to give a higher order of priority to hearings on the equalization of freight rates rather than apparently placing that matter at the bottom of the list of hearings of all sorts of applications such as applications to close railway stations, to change the schedules of passenger train runs, and so on.

Mr. Hees: Mr. Speaker, from the correspondence I have had dealing with that subject I have observed that the people applying to the board and everyone who does business with the board seem to feel that their particular matter has equal importance.

Mr. Argue: Mr. Speaker, I wonder if the minister does not feel that for the Canadian nation the question of the equalization of freight rates should be given priority.

Mr. Hees: Mr. Speaker, I think it is being given very high priority, but it cannot completely occupy the time of the board. They are giving it a very great deal of time.

Mr. Argue: And have been for six years.

Mr. Hees: And it seems they will be for another two years.

[*Later:*]

Mr. Argue: I wonder if the Minister of Transport could tell us whether, prior to the railway association making any application for an increase in freight rates, the president of the Canadian National has consultations with the minister.

Mr. Hees: The answer is no, Mr. Speaker.

PIPE LINES

TRANS-CANADA PIPE LINES—REPORTED INCREASE IN STOCK MARKET PRICE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Is the Prime Minister aware of the fact that Trans-Canada Pipe Lines stock has gone up over four points in the last two days, and that this has been attributed in the press to rumours that the company will receive permission to export gas to the United States?

Is the government making any announcement of policy in connection with this matter

in the course of the next few days? May I ask also whether in view of the huge private profits still being made out of this publicly financed project, consideration is being given to placing the line under public ownership?

Right Hon. J. G. Diefenbaker (Prime Minister): As far as the latter part of the question is concerned, the answer is no. With regard to the earlier part of the question, any rumours which may have been circulating and which have brought about, according to the hon. gentleman, a rise in the stock—and I have no knowledge of that—are entirely without basis.

Mr. Knowles (Winnipeg North Centre): May I ask a supplementary question with regard to the Prime Minister's answer to the latter part of my question. Is he forgetting the stand that he and his party took when they were on this side of the house with regard to this matter?

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman participated in a debate with regard to this matter over a month ago. I suggest, therefore, that he look back and read what took place at that time.

An hon. Member: Anyway, he is consistent.

AIR TRANSPORT

FURTHER STATEMENT ON PROVISION FOR FLIGHT ENGINEERS ON NEW JET TRANSPORTS

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre asked me the following question:

Has the minister ascertained whether it is correct that the DC-8's being built for Trans-Canada Air Lines are being built in such a way that there will not be room in the cockpit for a flight engineer? If this is the case will he consider having this change in construction delayed until a decision has been made on the issue itself?

Mr. Speaker, there will be room in the cockpits of the DC-8's being built for Trans-Canada Air Lines for a third crew member, and ample time remains to give consideration to whether a third member should in fact be carried before the aircraft are put into service.

AIRPORTS

DRUMMONDVILLE, QUEBEC—STATEMENT ON REQUEST FOR FEDERAL GRANT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Drummond-Arthabaska asked me the following question:

Has the Minister of Transport received a request from the city of Drummondville for a grant to improve the airport? If so, is the minister in a position to give a favourable answer to this request, which I strongly support and which is anxiously desired by the entire population of Drummondville?

Mr. Speaker, I have now received that communication and the matter is under serious consideration by the officials of my department.

Mr. Marler: Mr. Speaker, may I ask a supplementary question. When did the minister receive the representation from Drummondville?

Mr. Hees: Mr. Speaker, it was received after I returned to my office following the completion of orders of the day yesterday.

NATURAL GAS

INQUIRY AS TO FEDERAL JURISDICTION OVER RATES

On the orders of the day:

Mr. Gerard Loiselle (St. Ann): I should like to direct a question to the Minister of Trade and Commerce. Has the government any jurisdiction in fixing the price for natural gas in Montreal? If the answer is yes, does the government intend to take any steps in this connection?

Hon. Gordon Churchill (Minister of Trade and Commerce): I am afraid I did not hear the first part of the question.

Mr. Loiselle: Has the government any jurisdiction in fixing the price of natural gas in Montreal?

Mr. Churchill: The answer is no.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce, supplementary to the question asked him by the hon. member for St. Ann. In view of the stand taken by the Conservatives in 1956 that the board of transport commissioners should control the rates charged for gas, has the government taken any action along this line since it came into office?

Mr. Churchill: Mr. Speaker, the subject has been referred to a royal commission, and we will have its finding in due course.

Mr. Marler: In about two or three years.

HIGHWAYS

MACKENZIE HIGHWAY, N.W.T.—REQUEST FOR USE OF LOCAL EQUIPMENT AND MANPOWER

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): Yesterday, I asked the Minister of Northern Affairs and National Resources about the clearing of the Mackenzie highway and the

use of local equipment and manpower. Is the minister in a position to answer the last part of that question today?

FINANCE

REQUEST FOR PROVISION OF LOAN FUND FOR SMALL BUSINESSES

On the orders of the day:

Mr. F. C. Christian (Okanagan Boundary): I should like to ask the Minister of Finance a question of which I have given him short notice. Has the government taken any steps or does it consider it necessary to take action to assist small businesses and industries throughout Canada by the granting of long-term loans at low interest rates?

Hon. Donald M. Fleming (Minister of Finance): I thank the hon. member for his short notice of this question. The government, as such, has no power to do any of the things the question contemplates. Parliament has made provision for loans to assist industries in certain cases through the agency of the industrial development bank. Further action on the part of parliament, and the relationship of the government to it, would have to be a matter of government policy. I have already dealt with the subject in reply to similar questions asked frequently during this session, and I do not think I could usefully add anything in that respect to the answers I have already given.

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask a question of the Minister of Finance supplementary to the one asked by the hon. member for Okanagan Boundary. May we, at this session, expect the announcement of the appointment of a commission to inquire into the needs of small businessmen or, as an alternative to that, will the government introduce an amendment to the legislation covering the industrial development bank so as to supply small businesses with loans?

Mr. Fleming: Mr. Speaker, I do not think I could usefully add anything to what I have already said in reply to similar questions on previous occasions.

SHIPPING

BRITISH COLUMBIA—INQUIRY AS TO MAINTENANCE OF COASTAL SERVICE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport, and I regret not having given him notice of it. I wonder if any further discussions have been held between the officials of his department and Canadian Pacific Steamships in an attempt to provide service to those communities on the coast of British Columbia that were left out of the arrangements made with the Canadian Pacific when they replaced Union Steamships?

Hon. George H. Hees (Minister of Transport): The officials of Canadian Pacific are here today, and we will be having discussions of that sort.

TRANSPORT

NEWFOUNDLAND—CHANGE OF RAILWAY TO STANDARD GAUGE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Transport whether, when he gave the negative answer yesterday to a question about the Newfoundland railway, he was aware that the Prime Minister promised during the election campaign that there would be a standard gauge railway if the Conservatives won the election.

Hon. George H. Hees (Minister of Transport): I am not aware of any such statement by the Prime Minister.

Mr. Pickersgill: I shall be glad to send the report to the hon. gentleman. Another broken promise.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—REQUEST FOR INTERIM REPORT ON OIL AND GAS

On the orders of the day:

Mr. E. G. Hansell (Macleod): May I ask the Prime Minister a question. Have the government instructed or do they expect the Borden commission to submit an interim report within the next short while, we will say two or three months, on the oil and gas industry?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am hopeful the Borden commission will make an interim report.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO DATE OF RESUMPTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of his implied contention of yesterday that the federal-provincial conference cannot be held while parliament is in session, can he say whether that conference will be called as soon as this session of parliament is concluded?

Right Hon. J. G. Diefenbaker (Prime Minister): That will depend, of course, on the circumstances as they arise in this parliament and also on the degree to which the legislation before the house is expeditiously passed. I will come to the decision as to the actual date of the conference on the basis of the speed and the thoroughness, of course, of examination with which the legislation yet to be placed before this parliament receives the attention of the house.

Mr. Knowles (Winnipeg North Centre): May I ask a supplementary question. When the Prime Minister promised, during the course of the election campaign, to call a federal-provincial conference, did he attach to that promise any condition such as that which he is now enunciating?

Mr. Diefenbaker: There was nothing attached to the promise. The dominion-provincial conference was called and action was taken.

Hon. Jean Lesage (Montmagny-L'Islet): May I ask a supplementary question of the Prime Minister. Why is it not possible to hold this other federal-provincial conference while parliament is sitting, in view of the fact that the first part of the conference was held in November while parliament was sitting?

Mr. Sinclair: Other conferences have been held while parliament was sitting.

Mr. Diefenbaker: My hon. friend will be able to arrive at his own conclusions on the basis of what has already been said in this regard.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister a related question. In view of the urgency which the Prime Minister attached to this question of fiscal adjustments with the provinces, is it intended that the fiscal adjustments which he promised will be available to the provinces for the current fiscal year? All the provincial treasurers want to know that.

Mr. Diefenbaker: My hon. friend asked the same question a while ago. For that reason it requires no answer at this time.

Mr. Sinclair: He received no answer at all.

Mr. Pickersgill: I would draw the Prime Minister's attention to the fact that I asked an entirely different question on a different subject, and I—

Mr. Speaker: Order. When the hon. member begins his question by saying that he will draw somebody's attention to some fact, then he puts himself out of court and I am obliged to rise. If he has a question to ask, of course I will hear him.

Mr. Knowles (Winnipeg North Centre): May I ask the Prime Minister a further supplementary question. Will the federal-provincial conference be called into session before or after the next general election?

Mr. Diefenbaker: As to when the next general election will take place would naturally depend on the conduct of my hon. friends opposite and the degree to which they follow the course of action they have followed in recent weeks.

Mr. Pickersgill: I have a supplementary question.

Mr. Speaker: Order. It seems to me that the house is wasting its time in trying to dip into the future. If there are any legitimate questions to be asked of course I will entertain them. But in endeavouring to ascertain things that perhaps are not ascertainable at the present time, it does not seem to me that we are furthering the interests of the house.

Mr. Pickersgill: I should like to ask the Prime Minister whether his answer means that the government will not ask for dissolution unless it is defeated in the house.

Some hon. Members: Oh, oh.

An hon. Member: No answer.

Mr. Pickersgill: That's what he said.

INCOME TAX

INQUIRY AS TO CANADIAN PROTEST AGAINST UNITED STATES ACTION

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I would like to direct a question to the Prime Minister. I am sorry I have not given him notice, and he may wish to take this question as notice. Has the Canadian government sent to the government of the United States a formal protest against the unilateral attempts of the United States tax department to revise the Canadian-United States tax convention by reaching its long arm into Canada to impose income tax upon a purely Canadian company? If such protest has been sent, has any reply been received from the United States government?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, that is a question, I think, for my colleague the Minister of National Revenue, and I shall be glad to bring it to his attention.

POWER

ATLANTIC PROVINCES—LEGISLATION RESPECTING THERMAL PROJECTS

The house resumed, from Wednesday, January 8, consideration in committee of the following resolution—Mr. Hamilton (Qu'Appelle)—Mr. Courtemanche in the chair:

That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy, and including provisions for the payment of a subvention on coal used in the production of electric energy.

Mr. Robichaud: Before the adjournment of this committee at ten o'clock last evening I said that officials of the Brunswick Mining and Smelting Corporation were in Ottawa during the week of December 15, and that discussions took place at that time with officials of the Department of Public Works in connection with the future mining operations and the proposed harbour development at Caron Point site near Bathurst.

As the additional power that will be required in northern New Brunswick in the next decade will depend largely upon the extraction of metals from the concentrate by electro-metallurgical methods, the Minister of Northern Affairs and National Resources or the Minister of Public Works should report to this committee on the results of the discussions which took place with officials of the Brunswick Mining and Smelting Corporation. The people of Gloucester county and of New Brunswick have a right to know if the mineral discoveries and developments which have taken place in the northern section of the province during the last four years, and which will have a direct effect on the future requirements for electrical energy, are to be curtailed for an indefinite period. They also have a right to know what is contemplated by both federal and provincial authorities to assure that these developments will be carried on without delay to the best interest of the province and of the country in general.

In his statement when introducing this resolution the minister stated that for those Atlantic provinces which desire such aid, the dominion government would build and sell to the provinces such thermal plant and transmission facilities as may be agreed upon. Before this resolution is passed by the committee the minister should inform us as to the conditions and terms of such sales to the provinces concerned.

The minister stated that the amounts of money expended in the construction program will all be refunded with interest so that this phase of the program will be self-liquidating.

[Mr. Fleming.]

He should tell us what will be the depreciation on the thermal plants and on the transmission lines, and also if the interest charged is to be the same as mentioned for the Beechwood project, that is, on the same basis as the long-term loans by the federal government.

With reference to the second phase of this resolution, we have a right to know what effect the estimated subvention of $1,700,000 per year will have on the cost of power as compared with present prices paid for coal purchased by the thermal plants now in operation in Nova Scotia and New Brunswick. The minister should also inform this committee how the cost of power or the price charged consumers after the coal subventions are applied will compare with power produced by thermal plants in central Canada, particularly in the province of Ontario.

The minister should also clarify the comments made by the premier of New Brunswick to the effect that the method of financing power development, as outlined in the secret memorandum which represented Conservative policy on power development and which has been refused to us, entailed rates of interest considerably in excess of anything proposed to date by the government of Canada to the government of New Brunswick. We also have a right to clarification of another comment by the premier of New Brunswick to the effect that the memorandum does not conform to the principles which have been discussed over the last six months by representatives of the government of Canada and of the governments of New Brunswick and Nova Scotia, to which I referred in my remarks last evening.

In the case of generating plants, will the annual payment be based on the federal long-term rate of interest plus the sum required to amortize the plant in 30 years, and in the case of transmission lines will the annual payment be based on the same rate of interest plus the sum required to amortize the lines in 40 years?

Mr. Carter: Mr. Chairman, before this resolution carries I would like to make one or two comments. The wording of the resolution makes it apply to the Atlantic provinces, and for that reason it has a regional application. The use of the word "thermal" in the third line makes this resolution discriminative against Newfoundland, which is one of the Atlantic provinces, because the accepted interpretation of a thermal electric power project is a power plant where electricity is generated from heat derived from the use of coal.

In Newfoundland it is impossible for us to benefit from this resolution because we do not have any local coal resources that may be utilized in this way. We have to depend on Nova Scotia for our coal, and the supply

from which we have been drawing in Nova Scotia has been getting shorter and more difficult to obtain as the years have gone by.

The use of this coal in the Atlantic provinces—Nova Scotia and other maritime provinces—for thermal plants would possibly have a harmful effect on our coal supplies in Newfoundland; the increased demand would make our coal either scarcer or higher in price.

On the other hand, we do have in Newfoundland, and particularly in my own riding, undeveloped sources of hydroelectric power which could very well come within the scope of this resolution if the word "thermal" were not included. I would point out, Mr. Chairman, that though using the word "thermal" the resolution does not specify from what source the heat is to be derived. It could be derived from coal, but it could also be derived from thermonuclear energy. It is just a matter of the source of the heat.

For this reason we would prefer to see this resolution amended by having the word "thermal" at the end of line 3 deleted. If this were done we believe it would not do any harm to any other of the Atlantic provinces, but it would be bringing Newfoundland within the scope of this resolution. At the present time Newfoundland is excluded from any benefit under the proposal.

Mr. Batten: Mr. Chairman, the terms of this resolution refer to the Atlantic provinces, and I think it is generally accepted that the Atlantic provinces include New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. So I think nobody could have any disagreement about providing more and cheaper electric power for the maritime provinces, and if this project is going to be undertaken I think it is reasonable to assume that in the development of this additional electric power the resources within a province, whatever they may be, will be used.

If we were to look through the figures with regard to electric power available from water sources as supplied by the minister's department, we should note that the power available from water sources in Newfoundland is four times as great as that available in the other three maritime provinces combined. In Newfoundland at the moment the turbine installation is capable of generating 329,000 horsepower, which is approximately 240,000 kilowatts, and this is almost equal to the total turbine installations of New Brunswick, Nova Scotia and Prince Edward Island combined.

Now it may be true, and I think it is, that if the supply of electric power in New Brunswick, Nova Scotia and Prince Edward Island is to be increased, there is a good deal to be said in favour of the source of energy being some type of thermal plant, because of the fact that there is not sufficient power from water available in those three provinces. We in Newfoundland are not in that position; and it appears to me that under the terms of this resolution as it is now drafted, if the word "thermal" is used we will be ruled out, in the sense that in increasing the electric supply in Newfoundland it would be better to use water power than to use energy supplied by heat. If we were to use energy supplied by heat we should need to import coal or oil into the province.

In these circumstances, Mr. Chairman, I propose to move an amendment to this resolution. My amendment is seconded by the hon. member for Burin-Burgeo, and reads as follows:

That the word "thermal", the last word in line 3 of the resolution, be deleted from the resolution.

Mr. Green: Mr. Chairman, I do not know whether I have before me an exact copy of the amendment which was moved, but I understand that it deletes the word "thermal" in the third line of the resolution. May I point out that by doing that it obviously broadens the terms of the resolution and would in consequence impose an additional expenditure on the government of the day. An amendment of this kind could only be brought in by the government in the usual way in which amendments bringing about the expenditure of moneys is done, and obviously an amendment of this type is out of order when brought in by a private member.

Mr. Pickersgill: Mr. Chairman, I should like to address myself to the point of order raised by the Minister of Public Works in his capacity as leader of the house. I quite agree with the general proposition that an amendment to a resolution preceding a money bill can only be made by the government after a message from the crown. That is the well accepted and very proper rule which I would certainly never question or challenge.

But if I may, sir, I am going to quote the words that were used by the Minister of Northern Affairs and National Resources in his presentation of this resolution last evening, as recorded at page 3038 of *Hansard*, in an endeavour to convince you that this particular amendment does not in any way increase any charge upon the crown. The third full paragraph of the minister's remarks on that page reads as follows:

Perhaps I should make it clear, Mr. Chairman, that the legislation to be introduced under the terms of this resolution will not in itself appropriate or authorize the expenditure of any sums

of money. The legislation is enabling legislation, to permit agreements to be entered into for the program I have outlined.

Those are all the words that are relevant. It therefore seems to me that since this amendment would not impose any charge on the government but would only empower it to extend this policy to plants that were not thermal plants, if the government saw fit to do so, the amendment should be accepted. It would not oblige the government to do it but it would do what the premier of Newfoundland asked the Prime Minister to do in the telegram read by the Prime Minister to the house yesterday.

I would hope the government might see fit to accept this amendment; or if the government would prefer it I am sure my friend the hon. member for Humber-St. George's would be very glad to withdraw his amendment and allow a similar amendment to be moved by a member of the government. I would have thought the hon. member for St. John's West would be very happy indeed to show some interest in the province he represents by doing so.

Mr. Green: Mr. Chairman, may I point out the great fallacy in the argument made by the hon. member for Bonavista-Twillingate. He quoted the words used by the Minister of Northern Affairs and National Resources last evening as recorded at page 3038 of *Hansard*, as follows:

Perhaps I should make it clear, Mr. Chairman, that the legislation to be introduced under the terms of this resolution will not in itself appropriate or authorize the expenditure of any sums of money.

The hon. member proceeded to argue that therefore this resolution does not involve the expenditure of any money and any private member is free to amend it.

Mr. Pickersgill: No; the committee is free to do so.

Mr. Green: If that argument is correct, then it means that a private member can amend any bill unless that bill has in it that there can be the expenditure, say of $100 million.

Mr. Pickersgill: That is perfectly true.

Mr. Green: To reduce the rule to that position would mean that very many government bills—

Mr. Sinclair: Resolutions.

Mr. Green: —which have to be introduced by resolutions could be amended by private members, and that argument is utterly fallacious.

Mr. Pickersgill: Only by the house, surely.

[Mr. Pickersgill.]

Mr. Green: The Minister of Northern Affairs and National Resources was quite correct when he said that in itself the resolution does not appropriate any money. That is perfectly right. I think the majority of resolutions that are brought in do not provide for the actual appropriation of a specified sum of money. The very fact that this resolution itself could be brought in only after it had been placed before His Excellency and then had to be brought in in the form of a resolution indicates that the measure is one that can be amended only by the government.

The argument submitted by the hon. member for Bonavista-Twillingate may be a very good one on which to hang a political argument, and I think that is all that was intended by the hon. member as demonstrated by his remarks—

Mr. Sinclair: Do not impute motives.

Mr. Pickersgill: Surely the minister's remarks are out of order.

Mr. Green: —but the rules provide that a resolution can be amended only by the government and not by a private member, and I submit that this amendment is entirely out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I wish to speak in support of the amendment as being in order, but I must make it crystal clear at the outset that I do not start from the premise laid down by the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Just as long as you arrive at the same destination.

Mr. Knowles (Winnipeg North Centre): I think my hon. friend would have been well advised not to try to argue that this is not a money bill. I do not think there is any question but that it is a money bill and that the resolution preceding it is before us for that very reason.

However, Mr. Chairman, Beauchesne is quite clear on the point that amendments can be made to a resolution preceding a money bill provided they fall within the terms of the resolution. Perhaps I should not paraphrase but should read the actual citation on which I am basing my remarks, namely citation 440 in what is left of my copy of Beauchesne's third edition, which reads:

The fundamental terms of a money resolution submitted to the house with the Governor General's recommendation upon which a committee of the whole is set up cannot be amended. Amendments will only be in order if they fall within the terms of the resolution.

I hope you will follow me, Mr. Chairman, and I hope the Minister of Public Works

will follow me in this. Relying on that proposition, no less an authority on the procedure of this house than the present Minister of Justice moved an amendment very similar to this one on April 16, 1956. The matter before us at that time was a bill brought in by the then minister of public works, Mr. Winters, to amend the Trans-Canada Highway Act. I ask hon. members to follow this very closely. The purpose of that amendment was to provide certain additional payments to the provinces on terms set out by the government of that day in its bill. The present Minister of Justice, then the private member for Kamloops, moved an amendment to the effect that these words be added:

"the portion of the highway to which such increased payment is to apply to be designated by the province."

This reference can be found at page 2980 of *Hansard* of April 16, 1956. In other words, what the hon. member for Kamloops asked on that occasion was not an increase in the amount of money to be appropriated, but simply for the right of the province to have the say as to how the amount of money appropriated for each province would be spent. Is that not exactly what my friend the hon. member for Humber-St. George's is asking today? I wish the Minister of Justice were here. I am sure, because of the consistency for which he is noted, that he would agree.

Mr. Brooks: What happened to the amendment?

Mr. Knowles (Winnipeg North Centre): I thank my hon. friend for his question. The amendment was ruled in order.

Some hon. Members: Oh, oh.

Mr. Sinclair: You fell into that bear trap very nicely.

Mr. Knowles (Winnipeg North Centre): My good friend the Minister of Veterans Affairs amazes me. Does he think I would have cited this precedent if it had gone the other way? No. The amendment was moved by the then member for Kamloops and the deputy chairman at the time—that would be Mr. Applewhaite—said, as reported at page 2980 of *Hansard*:

I might say that at the moment it does not appear to me that this proposed amendment would extend the financial commitment of the crown.

The then minister of public works, Mr. Winters, got into the argument and used exactly the same language that the Minister of Public Works used today—

Mr. Sinclair: Perhaps he pressed a button and got the same speech.

Mr. Knowles (Winnipeg North Centre): — that it would extend the financial commitment of the crown. As I say, Mr. Winters made that argument, as recorded at page 2984 of *Hansard* for April 16; but I ask you, Mr. Chairman, to note that the chairman of that day rejected the argument of the minister of public works of that day and said he was wrong. He said:

It does not appear to me that this proposed amendment would extend the financial commitment of the crown.

He went on to say that it only made a change within the terms of the resolution, which was in order. Mr. Applewhaite gave his initial opinion that it was in order, as recorded at page 2980 of *Hansard*. The argument was mixed up as between procedure and substance, but he was pressed later as to whether or not the amendment was in order and on page 2986 of *Hansard* he made the statement again that it did not increase the financial commitment of the crown and that the amendment was in order. At this point *Hansard* reads:

Is the committee ready for the question on the amendment?
Amendment negatived, yeas, 38; nays, 74.

I do not know whether the hon. member for Humber-St. George's remembered this amendment when he drafted his amendment, but certainly he has an excellent case. I am glad the Minister of Justice is now in his seat. The member has a splendid authority for what he is now proposing, because it was the present Minister of Justice who moved an amendment very much like this in 1956. The two subjects are different. One had to do with trans-Canada highway and this has to do with assistance to power plants. The request of the Minister of Justice was that without increasing the financial commitment to the provinces, the provinces might have a say as to how this money would be spent on the highway within the provinces. My hon. friend asks for no increase in the amount of money the government is prepared to spend under this legislation, but he asks that the provinces have some say as to whether it should be limited to thermal electric power projects or whether it will be available for electric power projects of other types.

I have taken a few minutes to develop my argument, Mr. Chairman, because I thought you might interpret the argument advanced by the hon. member for Bonavista-Twillingate as denying that this was a money bill.

Mr. Pickersgill: I never denied that.

Mr. Knowles (Winnipeg North Centre): He would be on much firmer ground in arguing that this amendment does not extend the financial commitment of the crown. Therefore, relying on the excellent precedent of 1956 and on the clear-cut statement of Beauchesne that amendments are in order if they fall within the terms of the resolution, I submit that you, sir, should do as the chairman did in 1956 and reject the argument of the Minister of Public Works and permit the committee to vote on the substance of this amendment.

Mr. Green: Mr. Chairman, I am very suspicious that this amendment was really drawn by the hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): On a question of privilege, I do not mind the Minister of Public Works having a little fun if he wishes to have it, but let it be made crystal clear that I had nothing to do with the drawing of this amendment. I did not know it was coming. I always have a few notes on procedure ready for the Minister of Public Works, because I know he likes to raise points of order when matters are proposed from the opposition side of the house.

Mr. Batten: On a question of privilege, I object very strongly to the statement made by the Minister of Public Works.

Mr. Green: In the first place, Mr. Chairman, the argument made by the hon. member for Winnipeg North Centre is to the effect that this amendment would not extend the financial commitment of the crown. He uses the very devious argument that the provinces would have to request this expenditure, and that sort of thing, and therefore it would not impose any further financial commitment on the crown. Actually there is a fallacy in the argument advanced both in behalf of the Liberals and in behalf of the C.C.F. The removal of the word "thermal" from this resolution would very probably greatly expand the financial commitments involved in this resolution. No matter how hon. members try to argue around it, that is the actual fact and that is the purpose behind this very amendment. Were Your Honour to rule that a private member could amend a government resolution in this way, then the effect would be that any government resolution could be amended by a private member. The only authority the hon. member for Winnipeg North Centre has been able to quote is not Beauchesne, Bourinot, or anyone of that kind—

Mr. Knowles (Winnipeg North Centre): Just the Minister of Justice.

[Mr. Pickersgill.]

Mr. Green: —but a ruling made by an assistant chairman of committees, not by the Speaker or the Deputy Speaker.

Mr. Sinclair: That is a reflection on the Chair.

Mr. Green: Your Honour is not bound by a ruling made by a person of a lower rank.

Mr. Knowles (Winnipeg North Centre): Do not forget black Friday, December 13.

Mr. Green: Certainly any ruling made by Mr. Applewhaite is not binding on Your Honour. I suggest further that the ruling was made in an entirely different set of circumstances, and this argument is merely dragged in by the heels to substantiate a very weak submission in support of having this amendment ruled in order.

Mr. Pickersgill: In reply to the Minister of Public Works I would like to make one brief observation. The minister is now contending that this amendment would have the effect of increasing the charge upon the crown. I find it very hard to reconcile what he says with what was said by the minister who introduced this resolution yesterday. The Minister of Northern Affairs and National Resources said, as reported at page 3038 of *Hansard*:

> The funds required each year to carry out the program for that year will be sought from parliament in the normal fashion in the estimates.

There is no appropriation being made by the bill to be founded on this resolution. It seems to me, sir, that the statement of the minister who introduced this resolution causes the argument of the Minister of Public Works to fall completely to the ground.

Mr. Knowles (Winnipeg North Centre): I should like to ask the minister this question. If I were to offer him a dollar—

Mr. Green: I would take it.

Mr. Knowles (Winnipeg North Centre): If I were to offer him a dollar to buy a meal and he were to ask me for the privilege of spending that dollar on two meals instead of one, would that expand the amount of money that he would get out of me? I submit, Mr. Chairman, that is exactly what this amendment seeks, and it is exactly what the Minister of Justice sought in 1956. It is not an increase in the total amount of money to be spent; it is merely the privilege of spending it on power but in other ways than the one spelled out in the resolution.

As to the argument that you should pay no attention to the ruling made by Mr. Applewhaite merely because he was the assistant or deputy chairman of committees, may I say that I am shocked at that argument coming from the representative of a party that has had a great deal to say about respect for the

Chair. It is a reflection on the hon. member for Grenville-Dundas who now occupies that same position. I am surprised that my hon. friend sits there and takes it.

I would point out that on Friday, December 13, in this very session, we were told we did have to pay some attention to the rulings that had been made previously, Mr. Chairman. Furthermore, the minister seems to overlook completely the fact that Mr. Applewhaite made his ruling on the basis of arguments advanced by the present Minister of Justice.

Mr. Fleming: One thing is crystal clear and is completely overlooked by my hon. friends, and that is the fact that this a money resolution.

Mr. Knowles (Winnipeg North Centre): I started by pointing that out.

Mr. Fleming: My hon. friend is not the only one who has participated in the discussion. If this resolution were not of that nature, Mr. Chairman, we should not be discussing it at all. Objection should have been taken to the procedure at the outset and the government should have been told that they ought to have proceeded directly by the introduction of a bill. This is a money resolution, and it requires the recommendation of His Excellency the Governor General. On the clearest authority such money resolutions are beyond the power of a private member to amend unless that amendment can meet two tests. The amendment must be able to survive both these tests.

First of all it must not increase any possible expenditure provided or contemplated by the resolution. Second, it must not change the fundamental character of the resolution. I submit to you, sir, that the amendment now before you does offend both these clear and well-established rules. My hon. friends do not overcome the fact that the amendment would involve an increase in the contemplated expenditure within the terms of the bill to be founded on the resolution simply by making the assertion that no increase will result. If this is a money resolution, as I have argued, then it certainly follows as the day the night that this amendment is of a nature that would increase the type of expenditure contemplated by the resolution.

In the second place, sir, this amendment does, in itself, change the fundamental character of the resolution. The citation which my hon. friend for Winnipeg North Centre read from Beauchesne was No. 440, and it reads as follows:

> The fundamental terms of a money resolution submitted to the house with the Governor General's recommendation upon which a committee of the whole is set up cannot be amended. Amendments will only be in order if they fall within the terms of the resolution.

I say to you, sir, that this amendment, far from falling within the terms of the resolution, constitutes such an expansion of the terms of the resolution as to create a quite different scheme from that contemplated by the terms of the resolution now under discussion.

Mr. Carter: I should like to comment on one argument the minister has just made, in which he states that the deletion of the word "thermal" would change the character of the resolution. The word "thermal", as I pointed out, only means a source of heat. It does not describe the source from which the heat is obtained. You could still retain this word "thermal" and have a thermonuclear plant produce the electricity. That would cost a great deal more money than is contemplated by the use of coal. The fact that you use the word "thermal" gives the resolution a very wide application, wide enough to include thermonuclear plants.

Mr. Winch: It is not my intention to become involved in what is a procedural matter but, sir, I could not sit here, after listening for the last few minutes to the arguments advanced, without making this statement, which I do very deliberately. Ye gods, how the attitude of the Minister of Public Works and the Minister of Finance has changed since the election in June.

Mr. Browne (St. John's West): I have great admiration for the hon. member for Winnipeg North Centre, and I always listen very carefully to his arguments. This is one time, however, when he has gone completely off the rails. When he reads his argument he will find that it is contrary to the usual sound sort of thing we have been accustomed to from him in the past.

Mr. Knowles (Winnipeg North Centre): I am just giving you the argument of the Minister of Justice.

Mr. Browne (St. John's West): No, it is an entirely different argument. What the hon. member is putting forward today is quite unsound. He says that by removing the word "thermal" from the third line of the resolution as it reads now:

> —in the generation of electric energy by thermal electric power projects—

—that does not take this out of the terms of the resolution. The hon. member was

quoting from Beauchesne. In the second line of the resolution we have another adjective used. It reads:

> That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces—

The argument used in favour of the amendment moved by the hon. member for Humber-St. George's could be used to the same effect to justify the removal of the word "Atlantic".

Mr. Knowles (Winnipeg North Centre): It might be a good idea.

Mr. Browne (St. John's West): Yes, it might be a good idea, but it is not necessary, as it happens. I think the hon. member for Winnipeg North Centre agrees with me that his argument that it does not affect the resolution to take out the word "thermal" would be just as good if he favoured an amendment to take out the word "Atlantic".

An hon. Member: What is wrong with that?

Mr. Browne (St. John's West): That is not what we are discussing. We are discussing a point of order as to whether or not the amendment does enlarge the terms of the resolution. We are not discussing the merits of the suggestion made by the hon. member for Humber-St. George's, we are discussing whether or not this amendment affects the resolution and places a greater burden upon the crown.

If the Minister of Northern Affairs and National Resources had to deal with provinces other than the Atlantic provinces, who in this house would say that would not increase the burden on the crown? If the word "thermal" is taken out, to what does it apply? It applies, in the first place, to what the hon. member for Burin-Burgeo has spoken about, thermonuclear energy. It would apply also to hydro, which is the purpose my honourable and gracious friend from Bonavista-Twillingate had in mind in trying to assist the premier of Newfoundland to get that change made.

The hon. member for Winnipeg North Centre gave us a very happy comparison. He asked of the Minister of Public Works, if I offered my friend a dollar to buy a meal, could he get two meals? I think that was the way he put it. If I offer my hon. friend some liquid refreshment I mean that he is to take a drink, not food and drink; that is the aptness of the comparison to the removal of the word "thermal". If you remove the word "thermal" the effect would be the same as if my hon. friend interpreted an invitation to partake of liquid refreshment as including food and drink. There is no doubt about it; the hon. member for Winnipeg North Centre has gone completely off the rails.

Mr. Knowles (Winnipeg North Centre): The hon. minister from Newfoundland can have his fun if he likes, but may I point out that when the Minister of Justice sought the change he wanted by means of an amendment of the Trans-Canada Highway Act in 1956, the same argument might have been made that he was changing the terms of the resolution because he was asking that the money be paid in a slightly different way for different portions of the highway than the government intended. Yet he argued that that was within the terms of the resolution, and the chairman of that day agreed with him.

We are accepting this, I may say to the Minister of Finance, as a resolution preceding a money bill. We are accepting the fact that no private member can move an amendment that would increase the expenditure that has been committed. But we suggest, Mr. Chairman, that just as the Minister of Justice had the right to ask that money being spent on the highway be spent on portion A as well as on portion B, so my hon. friend from Humber-St. George's has a right to ask that money that is being spent on electric power plants in the Atlantic provinces be spent on type A as well as on type B. I submit that the proposed amendment is just as much in order as was the amendment of the hon. member for Kamloops in 1956. It is on that basis that I support the contention.

The Chairman: Order. I think I am now in a position to deal with the amendment. May I call the attention of hon. members to May's fifteenth edition, page 678, where we find the following words:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the crown is that the communication, to which the royal demand or recommendation is attached, must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications.

I particularly draw the attention of hon. members to the words:

> —not only the amount of a charge, but also its objects, purposes, conditions and qualifications.

The paragraph continues:

> In relation to the standard thereby fixed, an amendment infringes the financial initiative of the crown, not only if it increases the amount, but also if it extends the objects and purposes, or relaxes the conditions and qualifications, expressed in the communication by which the crown has demanded or recommended a charge.

I read this in conjunction with the citation from Beauchesne's third edition to which my

attention was drawn by hon. members. I should like to repeat the latter part of citation 440 which reads as follows:

> The procedure in committee on those resolutions follows in principle the procedure of the committee of supply, and amendments are out of order if they are proposed with a view to substituting an alternative scheme to that proposed with the royal recommendation.

In my opinion the amendment would include projects not contemplated by the terms of the resolution. In other words it enlarges the terms of the resolution and, in doing so, it would impose additional financial responsibilities upon the crown. I suggest that the amendment is an alternative proposition. Accordingly I must rule the amendment out of order.

Mr. Pickersgill: We, of course, on this side of the house accept your ruling, Mr. Chairman, without the slightest question. It gives me great pleasure to do so, in contrast to the behaviour on the other side of the house.

Some hon. Members: Oh, oh.

Mr. Fleming: That remark is out of order.

Mr. Pickersgill: I would remind hon. gentlemen on the treasury benches of that sad Friday the 13th in December—

Mr. Fleming: This is a repetition of the sort of thing we have had from the hon. member previously. That remark is clearly out of order. It is the most patent kind of infringement of the privileges of this house for any hon. member to reflect upon the vote of any other hon. member of the house. In this case the hon. member for Bonavista-Twillingate is reflecting upon the votes of a good many hon. members of this house on a recent occasion, and he is clearly out of order.

Mr. Pickersgill: I have no intention of continuing this line of argument, Mr. Chairman. I will leave the electors to do the reflecting—

Some hon. Members: Oh, oh.

Mr. Pickersgill: —and they will do a good deal of reflecting on that advertisement about black Friday the next time. But what I rose to do was to appeal—and I recognize that perhaps I have not done it in the most appealing way—to the members on the treasury benches, and particularly to the hon. member for St. John's West, to reconsider the position the government has taken with respect to this resolution.

Mr. Winch: Why does not the hon. member appeal to the Chair?

Mr. Pickersgill: Because the Chair cannot do anything about it.

Mr. Winch: Oh, yes.

Mr. Pickersgill: Perhaps the hon. gentleman does not quite appreciate the point I am trying to make. I am appealing to the government, not about a point of order. I am appealing to the government to accept the request of the government of Newfoundland, made through the premier of Newfoundland and communicated to this house yesterday by the Prime Minister. That was a request to which the Prime Minister undertook that his colleagues would give consideration. It is a request which, if it is not met, will mean that this resolution will be of little or no advantage to the province of Newfoundland for the foreseeable future. I say, and I hope without offence, that if the hon. member for St. John's West, the minister without portfolio, had exercised upon his colleagues in the government the same persuasive power to get some consideration for the province of Newfoundland that he has exercised in trying to prevent us on this side of the house from getting that consideration, his constituents would probably have appreciated his efforts more.

It seems to me that if this is—and I am sure you will not say I am out of order in saying this, Mr. Chairman—part of a national policy, and the minister himself said it was that last night, it is surely extraordinary that there should be a deliberate refusal—because, that is what it appears to be—to include one of the Atlantic provinces which needs this help so much. A deliberate refusal of that kind is surely not the way in which to carry out a national policy. I am appealing to the government seriously and sincerely. This is a good resolution. I am in favour of it.

Some hon. Members: Oh, oh.

Mr. Pickersgill: It is a good policy. With a few minor modifications, which I do not think are improvements, it is the policy enunciated by my friend Mr. Harris in his budget speech, explained to the house by my colleague the hon. member for Montmagny-L'Islet—

Mr. Fleming: Nonsense.

Mr. Pickersgill: —and accepted by the premiers of both Nova Scotia and New Brunswick until certain other events intervened when those gentlemen, for reasons to which I am not going to ascribe any motives, decided the matter should be delayed. There is no doubt that if certain events had not taken place in the way in which they did take place, that policy would have been carried out probably a good deal more quickly by the former administration.

But I say this is a good resolution, and I will support it whether or not the government amends it because it is a good sound thing to do. I am glad they are doing it. Any credit they can get for it, in addition to the credit coming to its authors, they are perfectly entitled to get. But I appeal to the government, and especially to the Prime Minister, to reconsider this matter. It would require an adjournment of this matter for a very short time in order to get the royal recommendation which the Minister of Finance says is necessary in order to make this amendment. I am appealing to the government to show this consideration for the newest province, the tenth province of Canada; to yield to the arguments of all members from Newfoundland on this side of the house and make this gesture of good will and national unity.

Mr. Batten: May I make one or two comments on this matter. When the minister brought in the resolution I believe he was very serious in doing so. I commend him for bringing it in. I think if the resolution proceeds and is implemented in the maritime provinces it will bring to the maritime provinces many benefits.

It appears to me that if you are going to develop electric energy in any area, it is only sensible to use that source which is available. I do not happen to be an engineer, but I think it is fair to say that in New Brunswick, Nova Scotia and Prince Edward Island there is not sufficient water power to supply all the electrical energy that is required by those three provinces. Therefore some other way must be found if the required energy is to be available.

The resolution the minister has brought in to provide in at least these three provinces for the development of electric energy is a very sound one. I can assure the minister right now that I am going to vote for it.

I agree with this; but surely we are not going to confine this resolution to developing electric power in three provinces where it could be produced cheaper by adopting the thermal method and then, for the fourth of the four provinces involved, use a method which to my mind is going to be far more expensive than the development of electric energy by the water power which is available in Newfoundland.

If we are going to abide by the word "thermal" I believe, and here I am in accord with the premier of Newfoundland, that it is going to exclude Newfoundland. When I made my amendment I was very serious in so doing, and I believe if we are going to stay with the word "thermal" then we are excluding Newfoundland and we are therefore not carrying out the terms of this resolution which applies to the Atlantic provinces.

Mr. Hamilton (Qu'Appelle): It is approaching one o'clock and I thought possibly, Mr. Chairman, I could help this matter along by answering some of the statements that have been made in order to make just a little bit clearer what we are trying to do.

I am going to start with the last question first and will answer the hon. member for Humber-St. George's and the hon. member for Burin-Burgeo. I would just like to read again, if I may, the remarks I made last night as recorded at page 3038 of *Hansard*:

> This program is a co-operative one with the provinces in the Atlantic area. Some hon. members may say that there is nothing in it for Newfoundland or Prince Edward Island. That, Mr. Chairman, is not an accurate statement. True, it may be inappropriate for Newfoundland at this time to seek to build thermal plants.

I would like to emphasize that thermal means from all sources of heat; oil, gas, coal, nuclear and every form of heat.

Mr. Lesage: Everybody knows that.

Mr. Stick: We have not got it. We have no gas.

Mr. Hamilton (Qu'Appelle): Just a minute. I will repeat that statement.

> True, it may be inappropriate for Newfoundland at this time to seek to build thermal plants. However, transmission lines and related facilities which are, as you know, often very costly—and indeed of great importance in the development of a power system—could be built by the federal government and sold to Newfoundland on the same basis as for Nova Scotia or New Brunswick. The same can be done for Prince Edward Island.

In all fairness, Mr. Chairman, I feel this resolution we have before us came about, as I described to the house last evening, at the request of two provinces, and we have received formal requests from neither of the other two provinces.

Mr. Lesage: It did not come from two provinces. It was initiated by the former government.

Mr. Hamilton (Qu'Appelle): Just hold your horses a minute—

Mr. Lesage: You had better be accurate.

Mr. Knowles (Winnipeg North Centre): And get off yours.

Mr. Hamilton (Qu'Appelle): I would like to complete this statement.

At the request of the two provinces and in discussion with those two provinces we arrived at this solution to the problem, which was one of obtaining cheaper power. Beechwood was separated from this thermal proposition; and it may interest the house

to know that there are other hydro projects in New Brunswick and in Nova Scotia about which there have been discussions and which do not come under this bill because in their discussions with this government these two provinces asked for them to be kept out.

In order to achieve our purpose of providing cheaper power for this area we set it up in this manner, but I would like to emphasize, that this was under discussion with these provinces. There was no effort made here to force any unilateral decision by this government on those two provinces. There was debate, there was discussion, and some of the ideas I proposed were not accepted while others were accepted.

Mr. Lesage: It is always like that.

Mr. Hamilton (Qu'Appelle): And vice versa with the provinces; some of the ideas they proposed were accepted and others were turned down. I complimented the premiers of these two provinces last night for the manner in which they dealt with me in connection with this matter. We set our minds to the task of achieving cheaper power, and I think we arrived at the solution.

Mr. Carter: Would the minister permit a question? When he says, as he has just quoted on page 3038 of *Hansard,* that a power system could be built by the federal government and sold to Newfoundland on the same basis as to Nova Scotia or New Brunswick, does he mean that the federal government would do that for the use of thermal power when it could be done much cheaper by the use of hydro power? Is that what the minister's statement means?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman, the minister means that if the province of Newfoundland makes application to the federal government to build and then sell to them transmission lines in their province between hydro, hydro and thermal, thermal and thermal or any type of transmission, then we are prepared and are empowered under this legislation to make such an agreement.

Mr. Pickersgill: But you will not accede to the requests they do make.

Mr. Carter: If they made a request for a transmission line from hydro power already developed; is that what the minister means?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Carter: What is the use of that, when all the power is used and we need extra development of power before we can do it?

Mr. Hamilton (Qu'Appelle): I do not want to get into the details at this late stage. I was hoping the resolution would go through before lunch.

Mr. Pickersgill: The minister need not worry.

Mr. Lesage: No, he will be lucky if he gets it through by six o'clock tonight.

Mr. Hamilton (Qu'Appelle): However, in answer to this one question in the matter of trying to achieve greater efficiency in reducing power costs, the interconnecting power plants, whether they be hydro and hydro, thermal and hydro or thermal and thermal, it is of great benefit to the management of the hydro power commission or whatever agency is handling it if they can move power from one area to another, from a surplus area into a deficit area. This is the great advantage of transmission lines. A lot of plants which have capacity beyond their needs can shift production from place to place, thus reducing capital costs over the whole area.

Mr. Carter: I can understand that, but my point was of what use is that if there is nothing to transmit, if all the power that is developed has been used?

Mr. Hamilton (Qu'Appelle): I think we had better call it one o'clock.

Mr. Sinclair: Yes; you had better get some advice on that.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Stick: Mr. Chairman, before the adjournment for lunch we were discussing resolution No. 14 on the order paper regarding thermo-electric power projects in the Atlantic provinces. I think it is fair to say that the government has acted in good faith in this, and I think the minister also is acting in good faith. My understanding of the resolution is that it is designed principally for the maritime provinces, but in the resolution the phrase "Atlantic provinces" is used which, of course, includes the whole of the province of Newfoundland.

It may be of some slight interest to the committee if I say that when we came under the terms of union, Newfoundland was often designated as one of the maritime provinces. We did not altogether, like that designation, and I coined the phrase "Atlantic provinces" in this house to distinguish between the maritimes and Newfoundland. In this resolution the phrase "Atlantic provinces" is used, which means that Newfoundland is included.

One can make some excuse for the minister because he is not familiar with the local problems which we have in the province of

Newfoundland, but I think the intention was to include Newfoundland in this resolution. First, as has been pointed out by my colleagues from Humber-St. George's and Burin-Burgeo, this resolution as it now stands is of practically no value to Newfoundland.

It has some value, it is true. Just before the adjournment the minister told us we would benefit in connection with any transmission lines which might be built. Well, there are places in Newfoundland and in my riding which need electric power, and we should be very grateful if the government would give us an assurance that this resolution would include any transmission lines which the government may wish to build. But from the standpoint of thermal power this does not help us, because although we have some deposits of coal they are not of such economic value as to enable us to generate electricity.

On the other hand, we have an abundance of hydro power; a great abundance, not only on the island of Newfoundland itself but in that part of Labrador which belongs to my province. One of the greatest potential hydro-electric developments in the world is in the Grant Falls on the Hamilton river. A couple of years ago I went into this question while I was on the committee on research, and the potential was said to be at least six million horsepower, a capacity which could quite possibly be doubled in the course of time. The problem is, of course, to develop that sort of energy and to find a use for the power. We also have in Newfoundland itself undeveloped hydro power at Bay d'Espoir on the southwest coast and other places.

So if the words "hydroelectric power" are not included in the resolution, and if we are confined to thermo-electric power, the province of Newfoundland cannot participate fully in the intent of this resolution; and of course we should like our province to be able to do this. Although we will probably derive some minor advantages from the resolution I believe, as I indicated, that the government in drawing up this resolution and using the phrase "Atlantic provinces" fully intended that Newfoundland should participate fully. It is for that reason, I think, that the premier of Newfoundland sent his telegram to the minister pointing out the difficulty.

I have no desire to hinder the passing of the resolution, and no desire to do anything which would delay the benefits which may arise under this resolution for New Brunswick, Nova Scotia or Prince Edward Island. But I do say it is unfortunate that the minister, who evidently does not understand Newfoundland affairs as well as we would like him to do—and I do not say that is his fault—has not made better provision for the interests of the province from which I come.

There is a way out. I could move an amendment but you, Mr. Chairman, would probably object. The Minister of Finance objected this morning to an amendment proposed by another hon. member on this side of the house on the ground that it would probably add to the expenditure of the government. Now I am going to say that I believe the government is sincere in its proposals embodied in this resolution, and I hope for that reason the minister will take into consideration the suggestion I am about to make. If he would add, after "thermal" the words "and hydroelectric power projects" I think that would solve our problem in Newfoundland and enlarge the scope of the resolution so we could participate fully in its intent. The relevant part of the resolution would then read, "....Atlantic provinces to provide assistance in the generation of electric power by thermal and hydroelectric power projects."

I ask the minister to take this into consideration. I cannot move an amendment on these lines myself; that could only be done by a member of the government. So I ask the minister in all sincerity to take this suggestion into consideration and embody in the resolution the words I have suggested.

In my opinion this would end all the discussion we have had in this committee today, clarify the situation as far as Newfoundland is concerned and, I think, satisfy all who are connected with this problem. If the minister could at some time this afternoon or on another early occasion take action on the lines I have indicated I think it would be very acceptable to the house.

Mr. Macdonald (Kings): Mr. Chairman, the resolution under discussion today to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects is of very considerable interest to the province of Prince Edward Island. The cost of electric power in our province is extremely high, probably higher than in any other province, and higher than the rates charged in many lands.

When one considers the topography of our island, the reasons are obvious. Our countryside is low and rolling, with little water potential and no natural basins or storage facilities of any size. We have no coal, and to date we have no oil resources. At the present time surveys and boring operations are in progress and we are hopeful that the

results may be good, but we cannot depend on anything in this line for the present, at least.

That leaves us with the alternative of either importing coal or oil as fuel or transporting electrical energy into the province. The latter proposal would entail combating the high energy loss sustained by underwater cable. The former proposition, that of importing coal, is possibly now a feasible project with the coal subventions which might be paid by this government.

In this regard I would draw the attention of the government to a plan discussed in our area not many years ago. The proposition was to transport coal from western Cape Breton or from the Pictou area by barge to the large port of Georgetown on the eastern coast of Prince Edward Island, where an electrical plant could be set up at waterside. The coal would be taken from pithead to barge by escalator, transported at a very cheap water rate and taken from the barge by escalator right into the plant. This is a suggestion worthy of consideration, and I strongly urge that all the possibilities of this plan be studied. This is especially pertinent in view of the assistance by way of coal subventions which I have just mentioned, and should also provide the coal industry in the Atlantic provinces with considerable assistance.

For years the people of our area have asked for arrangements by way of assistance in providing cheaper electrical power. As in the case of many of our other submissions, we could not get any degree of sympathy for the Atlantic provinces' problems from the previous government. It has been the pledge of our party for the past three elections that we would provide such assistance, and now it is being done. We are pleased and most appreciative that recognition of this and other problems peculiar to the Atlantic provinces has been accorded to us.

This has been another of the milestones achieved under the Diefenbaker government in the development of national policy, a recognition of the particular needs of some areas, a realization that if we are to have a strong and united country we must be fair and wise in the development of every part of it. We cannot leave that development to take place in a willy-nilly fashion to the benefit of the central areas and to the detriment of the outer areas such as has happened in the last two decades.

Again, Mr. Chairman, I would like to add my remarks to those of hon. members who have spoken in favour of this resolution. Many of the remarks placed on the record with regard to the previous resolution under order No. 9 on the order paper might be pertinent to this one. Above all we do appreciate the new principle being put into effect with regard to the eastern provinces. Under this resolution the government has placed the opportunity before any of the Atlantic provinces. I do not know what the attitude of our local government will be toward entering into an agreement, but I hope it will give every consideration to the provisions of this resolution. If such an agreement would give our province relief from the high rates we now have to pay for electrical energy it would be most welcome, and I give my wholehearted support to this resolution.

Mr. Argue: Mr. Chairman, I have some remarks I should like to make at this time, but before doing so I have one or two questions I wish to direct to the Minister of Northern Affairs and National Resources, and I would hope that he might be able to answer them immediately. I would like to know if the agreements that are contemplated by this resolution are in fact either in the process of being signed or have been signed, and whether under those agreements the provinces involved have agreed on completion of the power plants to buy them and, if so, over what period of time the provincial governments or their power commissions may pay for the plants or transmission lines?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, a part of this question was going to be answered today by myself in reply to the hon. member for Montmagny-L'Islet, but with your permission I will give my reply in direct answer to the hon. member for Assiniboia.

In answer to the first part of the question, the agreements are now in process of being discussed. When they have been discussed, finally agreed upon and signed I will be tabling them in the house, as I have already mentioned. I am very sorry that they are not ready at this time.

Mr. Lesage: Are there still some differences on some points?

Mr. Hamilton (Qu'Appelle): Yes. We received a letter the other day from one of the premiers pointing out four difficulties he wanted straightened out, but they are minor in nature and I think will be straightened out in a reasonably short time.

Concerning the question of the agreements to buy the power plants and transmission lines, it is a prior commitment in the first part of the agreement that the provinces must agree to buy immediately on completion both the transmission lines and the plants.

With regard to the time for payment, we accepted the traditional time worked out by the department over the last several years. For thermal plants it will be 30 years of annual capital payments with interest, and for transmission lines 40 years.

Mr. Lesage: The rate of interest is to be 4⅜ per cent as of the present time, the ordinary crown corporations rate?

Mr. Hamilton (Qu'Appelle): Yes. It is made clear, Mr. Chairman, in the agreements that the interest rate will be the rate given to crown corporations.

Mr. Lesage: At the time of the sale?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Argue: I appreciate receiving that information from the minister, Mr. Chairman. As has already been indicated, we in this group are quite happy to support the resolution, believing that it is an important step forward and that it will help a deficit power area in the country.

It does seem to me, however, that the terms of the resolution would have been much more acceptable to the nation as a whole if they had been somewhat different. I am not able to understand the thinking of the government in confining this policy at this time to the Atlantic provinces. I fail to see why in the resolution as it now stands the word "Atlantic" should appear at all. The government has said, the minister has said and the Prime Minister has said that there is or will be an over-all power policy for Canada. If that is the case I can see no reason why this resolution should include the word "Atlantic", which will mean that if this type of policy is to be extended at some later date to other parts of the country new legislation will be required, a new motion, new approval by parliament.

I can think of no other hon. member of the cabinet who has taken more interest in power over the years than has the present Minister of Northern Affairs and National Resources. He has travelled across his own province pointing out the great need for power in that area, and it seems strange indeed that in introducing this legislation, the first brought in by this government to deal with power, the province of Saskatchewan from which the minister comes would have been omitted from the resolution.

No one can say that the provinces of New Brunswick and Nova Scotia do not require some assistance. I think it could be readily proven that these are depressed areas as far as power is concerned; but no matter what yardstick is used to determine whether those provinces are depressed in regard to power I believe the same yardstick will show that other provinces in this country also have a good claim for this type of assistance from the government.

I hold in my hand statistics which were supplied by the Saskatchewan Power Corporation. They relate to power needs and power facilities in various provinces of this country. They point out that in Nova Scotia there are 27 power outlets per 100 of population; in New Brunswick, 26 per 100; in British Columbia, 31 per 100; and in Saskatchewan just 24 per 100. On the basis of those figures alone I suggest that a province like Saskatchewan should have as good a claim for the same consideration under this legislation as has the province of New Brunswick or the province of Nova Scotia.

I tell the minister that the terms of repayment he has outlined, namely 30 years for power plants and 40 years for transmission lines, are good terms. I think the length of time for repayment is reasonable. I do not think anyone can quarrel with those provisions; but I can tell him, and I think he is already aware of it, that these are precisely the same kind of terms and the same kind of conditions for the building of thermal plants as are required in the province from which he comes. A burden is now being placed on the treasury of that province for expansion in the field of power which makes it a question mark whether the province can meet the power needs of the people in that area in the future.

Therefore I am suggesting to the minister and the government that this legislation, precisely because it is good legislation, should not be confined to the Atlantic provinces. If the government has a national policy—and some of us are wondering whether it is a national policy at all or rather a catch as catch can policy, or a political policy which is geared to what appears to be the best interests of the government party at the moment—how in the world can it be called a national policy when you have legislation dealing with only one section of the country?

Over the years in this house I have not taken the attitude I have seen some other hon. members take, that because something does not provide any particular benefit at the moment for their area or for their province they vote against it. I think that is a narrow-minded and parochial attitude. I do not think it accomplishes anything. I welcome this legislation without reservation, but because I think it is good legislation I suggest the government has made a very grave error in confining the terms of the resolution to the Atlantic provinces. As a matter of fact I could present other information to show

that in certain ways some other parts of Canada have a more difficult power problem than have the provinces to which this legislation applies.

I am informed that on the average it takes 5 miles of power line to service 100 customers in Nova Scotia. In New Brunswick it takes 6 miles of power line to service 100 customers. In British Columbia it takes 3 miles of power line to service 100 customers, but in Saskatchewan it takes 16 miles of power line to service 100 customers. It takes three times as much power line to service a given number of customers in Saskatchewan as it does in either Nova Scotia or New Brunswick; yet by the terms of this resolution Saskatchewan is excluded.

I should like the minister to disclose the government program for the other provinces. Saskatchewan finds that because of the scattered area of settlement, it has a very difficult power problem. Not only that, but it finds that its need for power is growing now at the rate of 20 per cent per year, so that the need for power facilities and power output doubles every four years in that province. Just last year Saskatchewan had to raise $60 million for power. It will soon have raised $150 million for the distribution of power.

I suggest to the minister, and I think he knows this very well, that Saskatchewan today faces a power crisis and has a claim on this government for the same kind of terms and the same type of policy as are provided to the other provinces. I can say that Saskatchewan would certainly welcome any program of the federal government under which this government would build thermal plants and then sell them to the province, amortized over a period of 30 years, with the payment for power lines over a period of 40 years.

I am informed that in Nova Scotia there are 10,000 miles of transmission and distribution lines; in New Brunswick, 9,000 miles of transmission and distribution lines; in British Columbia, 14,000 miles of transmission and distribution lines; but in Saskatchewan, 34,000 miles of power lines. In other words the province of Saskatchewan has more than three times as many miles of power lines as has Nova Scotia and almost four times as many as New Brunswick. It means that we have to take power to a widely scattered population over a tremendous area, which makes our cost of distribution very high per customer.

I have some other statistics to show the population of farming area per square mile. In Nova Scotia the population of farming area per square mile is 23; in New Brunswick it is 28, and in Saskatchewan it is only 4. Therefore our widely scattered population increases the problem of providing adequate power facilities to our people.

Mr. Bell (Saint John-Albert): May I ask the hon. member a question? Does the very fact he has just mentioned not prove that we in the maritimes need special consideration?

Mr. Argue: No, I do not think it proves that at all. Obviously if the farms are two or three miles apart it is more difficult to provide power facilities to the people than if they are much closer together.

Mr. Bell (Saint John-Albert): Does it not prove that in order to increase our population we need special consideration along the same lines as the hon. member has advocated for wheat farmers, which consideration cannot possibly benefit the maritimes?

Mr. Argue: Certainly we would like to see your population increase.

Saskatchewan, on the basis of the area of that province, is much more in need of whatever measures the hon. member may have had in mind designed to increase the population. Certainly if you have a dense population the difficulty of providing power facilities is much less than in sparsely settled areas. I have some other figures that relate to the population of the province and to the square mile of farm area. If you relate the population of Nova Scotia to the square mile of farm area you find the population is 160; New Brunswick is 119, and Saskatchewan only 9.

Mr. Brooks: May I ask the hon. member if he knows the per capita horsepower for Saskatchewan as compared with New Brunswick?

Mr. Argue: No, I do not have those figures. I have not seen them.

Mr. Brooks: Does he know that in New Brunswick it is only about .26? The average for Canada is 1, and I think he will find the horsepower per capita in Saskatchewan is far greater.

Mr. Argue: That may be.

Mr. Brooks: That, of course, is the main point.

Mr. Argue: I am no electrical engineer, but if I know anything about it I know that the more miles of line you have the higher your power production has to be in order to push the power over this tremendous area of transmission lines. We are developing power in southeastern Saskatchewan, in the coal fields, and transmitting it all the way up to Saskatoon, North Battleford and beyond. I suggest that because our coal fields are located

in the extreme corner of the province and our transmission lines are very long it is necessary, even to accomplish the same consumption of power, to have greater facilities.

I believe I could best answer the minister by saying that I do not complain about what is being done for the Atlantic provinces. The Atlantic provinces have not obtained from confederation the same kind of economic standards and the same policies that have applied to other parts of this country. I believe the Atlantic provinces have a good claim for such legislation. All I am doing is submitting to the government that the province from which the minister and I come has a claim that is, at least in many respects, equal to the claim of the Atlantic provinces. I am saying that what is a good policy for the maritime provinces is a good policy for the prairie provinces. I see no reason why the government should have one policy today for the Atlantic provinces, and not be in a position to announce its policy for the other provinces in this country.

I should like to know from the minister what discussions are taking place toward arriving at this national policy to which he has referred. I want to know where a province like Saskatchewan is going to stand with the government in getting the same kind of offer, particularly when there is to be no immediate resumption of the federal-provincial conference and that avenue, at least, will not be open for such discussions. I do appeal to the minister and to the government to come forward with the national power policy they promised the people of this country, and not rest content with a policy that applies only to one part of this nation.

Mr. MacEachen: I wish at the very beginning of my remarks to indicate my wholehearted support for this particular measure, which is likely to have very important consequences for the province of Nova Scotia. I believe the fact that this measure has come before the house reflects the widespread feeling, not only amongst members of the house but also in the country, that special measures are required in order to advance the economic welfare of the Atlantic region. I realize that one of the main objects of this resolution is to permit the more rapid industrial expansion of the provinces of Nova Scotia and New Brunswick.

It should, however, be stated that access to power is only one of the factors in economic development. It is a necessary but not a sufficient condition for economic development. It would be a mistake, in supporting this resolution, to put forward the idea to the people of Nova Scotia and New Brunswick that this is the final solution to the problems of that area. The cost of power is important in industrial development only in so far as it affects the cost of production. In certain industries the cost of power is a minor factor in production, but in other industries it is an overwhelming factor. However, this is a very important step forward and it has the support of the people of Nova Scotia.

We know, Mr. Chairman, that the problem of power has been raised in this house before, and its application to the Atlantic provinces. As a matter of fact, just about two years ago there was an amendment to a motion to go into supply upon which the problem of power was discussed for two days, with respect not only to the maritimes but to all parts of Canada. The views that were expressed on that occasion have some application to the diagnosis that has been given by the minister as to the crux of the power problem in the provinces of Nova Scotia and New Brunswick.

On two occasions, last night and again today, the minister has stated that Nova Scotia and New Brunswick were power short or power deficit areas. I should like the minister to elaborate further on this particular diagnosis of the problem, because it does not coincide fully with other views that were expressed in that debate on power to which I have referred. When the former member for Cape Breton South took part in that debate he had this to say:

> The discussion would suggest that the development of Nova Scotia was retarded because of the lack of power. It is not true that there is lack of power. There is now developed in Nova Scotia power that could be used by any industry that may come in there.

I had occasion during the same debate to refer to an interim study that had been made by the power committee of the Atlantic provinces economic council of power problems in that area. I quoted the remarks made by Mr. Tweeddale, assistant chief engineer of the New Brunswick power commission. He said that basically there is an adequate supply of electrical power available in the maritime regions to meet present demands. The committee believes that electric power can be made available to any section of the region to meet future demands. This interpretation, of course, is somewhat at variance with the diagnosis of the minister. I must at the same time, however, concede that there is in Nova Scotia, and in New Brunswick as well, a feeling that these areas are power short.

I have here the report of an address given four years ago at St. Francis Xavier University by a businessman, Mr. Dyson Crowe, who spoke as follows:

> I'm not alone in advocating government owned cheap electricity as the fundamental answer to our Nova Scotian and maritime problems. This is the

common and universal answer of all who have ever studied the question. Just a few nights ago at the fishermen's convention in Amherst, Dr. M. M. Coady, of your extension department, advocated this very thing as the fundamental answer to maritime disabilities.

Hence the minister is not alone in his view although, after having discussed the matter on occasion with the officials of the Nova Scotia power commission in particular, I believe the problem is not so much the difficulty of generating a supply of electricity, but that the difficulty is to generate a supply of electricity at a price comparable with costs in central Canada. This same power committee of the Atlantic provinces economic council stated that the power rates in the Atlantic region were comparable to the power rates on the eastern seaboard of the United States. I should be happy if the minister would assist my understanding and that of the public of the nature of the problem we are now attempting to solve by throwing further light on this particular matter, as to whether the real problem is a power deficit or the need to generate greater quantities of electricity at lower rates.

With that preliminary view, I certainly felt that the minister in introducing this resolution last night was in a very enviable position, because as his first task as a minister in this house he had the privilege of introducing a measure that has been long sought and is now a reality through this resolution. The satisfaction he felt, I am sure, was sincere, although I must confess that I felt that the remarks of the minister last night and today were tinged somewhat by self-delusion; because he attempted to convey the impression, or at least let me say that he left the impression with me, that he had come to his task as Minister of Northern Affairs and National Resources and that no plans were in the files, no discussions had preceded his accession to office, and that he himself had decided from the very beginning to develop a power program for the maritime provinces.

When the former minister of northern affairs and national resources last night attempted to stake out a claim, which I thought was a modest one in the circumstances, for a share of the credit for these power proposals, his statement was met by explosions of disbelief on the part of members on the government side of the house. Because this is a good measure, I think I will attempt to set out today the Liberal contribution to this particular problem, or the Liberal stage of development and then, I hope, fairly assess what I consider to be the additional embellishments or improvements that have been made since June 10 or the accession of the new government.

The very inspiration for the thinking behind this proposal came from an extremely important report made in 1954 by Professor Christie of Johns Hopkins University. Professor Christie had been asked by the dominion coal board to investigate the problem of the generation of electricity from thermal sources in the maritime provinces, not only in order to meet the situation in respect to electricity but also to provide further markets for coal from that area. On previous occasions I have referred to this report which was submitted on September 20, 1954, to the dominion coal board, and which is entitled, "Thermal Power from Canadian Coal: The Maritime Situation". As I listened to the minister last night expose the advantages of this plan I could not but recall the words which Professor Christie used in this report. He states:

> To ultimately attain minimum electrical rates in the maritime provinces, it is proposed that New Brunswick and Nova Scotia be considered a single area for electrical generation and distribution.

That is the essence of the plan and on the following page, namely page 9, he lists I believe ten advantages that would accrue from this integration. Among these were the very advantages that were pointed out by the minister last night:

> (a) The combined system would justify the installation of large steam turbine units built for the maximum fuel economy and which could serve with run of river plants as base load units.

And again:

> (e) Such large units on an interconnected system would reduce the cost of reserves, which each utility in the system would otherwise have to maintain for emergency purposes.

And finally:

> (g) The addition of low cost capacity to hydro storage plants would lessen the cost of serving peak loads.

In the plan elucidated by the minister last night there is nothing which was not first proposed in this report. I certainly do not think there is anything wrong with that, except that it should be pointed out that the dominion coal board, as an agency of the Department of Mines and Technical Surveys, had first provided the opportunity for a plan of this kind. I believe this particular work of the dominion coal board is one of the real contributions they have made to this country. It was not unusual that following the presentation of this report it was referred to and put forward as a basis for a plan in this House of Commons on a number of occasions.

I personally felt a great sense of satisfaction when Mr. Harris, in his budget address of last spring, brought together the ideas of Professor Christie and announced them as government policy. I felt that here had been

a realization that the needs of the maritime provinces were legitimate needs, and that the government of the day, with the support of the House of Commons, was prepared to put forward a plan that would do the work that was required. Just for the record, Mr. Chairman, may I quote one or two sentences from the budget address of Mr. Harris. He states, as reported at page 2,220 of *Hansard*:

> Such interconnection would reduce the requirements for stand-by capacity and would permit the most advantageous location of thermal plants and the building of larger and more efficient thermal units.

Then again:

> Under this proposal, the transmission lines would be rented on a non-profit basis and the power would be sold at cost to provincial electric systems. The purpose would be that the plants and other facilities built under this program can be acquired by the provinces at any time on payment of their amortized cost.

The next step in the elaboration of this power plan occurred on April 9, 1957, when the then minister of northern affairs and national resources, made a very important statement to the House of Commons telling us the state of the negotiations between the provinces and the federal government, and announcing to us that in principle the provinces had accepted the federal offer.

That was a very important step forward, but I want to refer in particular to one paragraph of this statement where the then minister pointed out that the Montreal Engineering Company had been retained by the Northern Canada Power Commission to undertake engineering studies, the purpose of such studies being to ascertain where these plants should be built and the effect which the development of larger thermal units and an interconnected system would have on the cost of electricity in the maritime provinces. In other words the broad plan had been laid before the House of Commons by Mr. Harris and the former minister, and the engineering and practical aspects were to be worked out by this Montreal Engineering Company.

At that time it was expected that the report of the Monteral Engineering Company would be available by August 1, and likely it was. That is why, Mr. Chairman, the present Prime Minister was able to say things about power which the former prime minister was not able to say; because he was able, as a result of these studies, to indicate to the house and to the country the extent to which power costs would be reduced by means of this particular innovation.

I am conscious of the fact that in Fredericton the prime minister of the day followed the only wise and responsible course in telling the people there that he could not say by how much power costs would be reduced, pending completion of the reports; although with one exception the elements upon which the minister elaborated last night, which elements would reduce the power costs, were present in the plan as presented to this house last March and April.

I remember that earlier the Prime Minister, in referring in this house to the power plan, said that the Liberal party had served up a dish which was unpalatable and that the Tory government had served up a dish which would be palatable. Well, I suppose the best judges of the palatability of the dish would be the people of Nova Scotia, and when this initial plan was put forward by the Liberal government it had an immediate response from the people of that province. I have in my hand an editorial in the Halifax *Chronicle Herald* dated March 25 with the caption "Giant Project", with reference to the Liberal power plan, which says that the probable magnitude of the federal government's planned power development in the maritime provinces, as disclosed by the initial blueprints, is something much larger than most citizens of this area had anticipated.

Another editorial some weeks later entitled "Forging Ahead" says "The announcement by resources minister Jean Lesage of plans for immediate construction of the first of the new federally owned thermal plants in the maritimes is the result of the most heartening display of intergovernmental cooperation in a long time."

The Antigonish *Casket* said in an editorial entitled "Boosting Maritime Power": "This is wonderful news for the maritime provinces and the most promising development. It is definite proof of concern on the part of the federal authorities for the eastern provinces and their inability to keep in step with the industrial growth of the nation. It supports the point of view held by so many of our leaders that a key factor to industrial progress in our region is economic and sufficient power. It may well be—" decided the observer who, by the way, is one of the keenest students in Nova Scotia "—that this report of minister Lesage will trigger a resurgence of industrial activity in these maritime provinces."

May I now refer to further authorities. I have with me statements in the Halifax *Chronicle Herald* of March 16 under the headline "Province Welcomes Budget News".

> "Anything which will lead to cheaper industrial power in this region is most welcome", Premier Stanfield said yesterday.

Later in the same story the united mine workers had this to say:

District 26 united mine workers of America welcomes a thermal power program set forth in the budget address of Hon. Walter Harris.

The public response in Nova Scotia to this program as outlined by Mr. Harris and Mr. Lesage in the House of Commons was warm, and may I conclude my recitation of authorities by referring to a one-page advertisement in the Halifax *Chronicle Herald* by the Conservative party in Nova Scotia. It states, "The question of federal thermal power proposals is not an issue". So they too, apparently, found this dish palatable, because they did not want to make it an issue in the election in the province of Nova Scotia.

Mr. Chairman, my reason for setting out this summary of evidence is simple and clear. The minister has left the impression that this plan before the house was developed *ab initio* by his government at the request of two provinces. This was an inherited plan. It has been added to in one important particular, a particular which was inherent in the plan which would have been the outcome of commitments which had been made by the previous government. I refer to the decision of the government to apply a subvention on the movement of coal to these maritime plants.

I believe there has been a great deal of confusion as to the stand of the previous government on this particular matter. Full guarantees were given that coal would be used in these plants. The new government has now added a further embellishment or improvement to the plan which was ready for them when they came into office.

Mr. Brooks: That is the key to the whole proposition. Until that was done the other was impractical and the people of the maritimes knew it.

Mr. MacEachen: I would remind the hon. gentleman who has made this interjection that the premier of Nova Scotia introduced a bill which was given second reading, to approve the proposal which the minister now regards as impractical.

Mr. Brooks: He also requested that the former government should estimate what the cost would be, and they were not able to tell him.

Mr. MacEachen: The minister knows that these matters were at that time under study.

Mr. Brooks: Your prime minister said he could give no report as to the cost.

Mr. Lesage: We had not received the report of the Montreal Engineering Company when you took over.

Mr. MacEachen: That is the point, and it is one which has obviously escaped the attention of many people. As the minister knows, this is another key point—the studies which were then being made by the Montreal Engineering Company.

A subvention on the movement of coal is assistance in the development of electric power. The word "subvention" has been used in the past to describe those payments which were made for the movement of maritime coal to meet the competition of United States coal in central Canada. This new application of the subvention is an ingenious one, but it is not precisely the same application and it does not fall within the usual definition of a subvention. It will add to the attractiveness of this power program for the maritime provinces, but I say it would be unusual if a new government of Canada, such as the one now holding office, could not find a way to make some additional improvements in a plan which was, in its entirety, so important and so useful to the economy of Nova Scotia. The response of the Liberal government to the needs and the power possibilities of the maritime provinces was a massive response. The response of the new Tory government is an agonizing reacceptance of the Liberal policy.

Mr. Bell (Saint John-Albert): The people did not think so.

Mr. Hahn: Mr. Chairman, in speaking to this resolution I must say I am delighted that the government has recognized the needs of the Atlantic provinces, particularly since I understand that the Atlantic provinces have been in a period of depression, or recession, for some years past, due largely to capital Liberal policy, or the policy of former governments, though I do not wish to pursue the question of who is to blame for this state of affairs which has made this legislation necessary. That is not my purpose at this time. I just want to ask the minister one or two questions, and I will come to them shortly.

The resolution as it stands—and I will not read it in its entirety—provides for the government to assist in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy, including provisions for the payment of a subvention on coal used in the production of electric energy. It specifically mentions the Atlantic provinces. One of the hon. members who spoke earlier in the debate, and possibly others as well, wondered at the time why this was not declared to be a national policy. I, likewise, wonder why the word "Atlantic" was inserted in the

resolution as it now stands, because certainly there are other parts of Canada which could well make use of this type of legislation, including the province of British Columbia. I know that we have great resources of water power available. However, the minister himself must be aware that the capital cost of providing equipment for the proper development of these power resources is becoming prohibitive, and that it is increasingly difficult to raise the hundreds of millions of dollars necessary for such development, and to do this on an economic basis.

The minister did give me some hope, because he had this to say as recorded in *Hansard* on page 3038:

> Given electric energy at a cost competitive with that available in other areas of Canada the people in the Atlantic region will be in a much better position to compete successfully with all comers in Canada or elsewhere.

And again on page 3039 he expresses himself in these terms:

> The subvention on coal for power production based on such a differential and paid on performance should, firstly, give the Atlantic provinces an opportunity of competing more successfully with the rest of Canada from the viewpoint of power costs.

Those two quotations would in themselves indicate that the cost of power throughout the various provinces of Canada has been carefully studied, and that it has been found that the cost in the Atlantic provinces is high as compared with the cost in other provinces; to such an extent, indeed, as to make it necessary for the government to provide a subvention on coal used for the development of power in that region.

I would ask the minister, therefore, to indicate to the committee—I am not questioning his statement in any way, but I should just like to know—what the various provinces pay for power so that we can give this matter the thorough study which I think it deserves.

On page 3039 the minister continues:

> Secondly, there will be an indirect support for the Atlantic seaboard coal to be used in this region.

I may say in respect of that that we have coal mines in my province which have been idle for some years and which might become productive again if we had the opportunity to develop power by means of a subvention, on the same basis as is provided in this resolution. An arrangement of this sort would enable us to have the power which we so badly require.

Lest any members of the committee be under the impression that there is unlimited hydro power to spare in British Columbia, I would draw to their attention the fact that we are building a thermal plant at Ioco at the cost of many millions of dollars—a hundred million dollars estimate—the purpose of which is to make electric power available on the lower mainland at a price which would compete with the supposedly cheap water-power we are said to enjoy at this time. For this reason it seems to me that the minister should outline specifically any reasons why he should oppose the striking out of the word "Atlantic" in his resolution, so that it would read as follows:

> That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the provinces to provide assistance in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy, and including provisions for the payment of a subvention on coal used in the production of electric energy.

On this basis I feel it would be a more desirable and palatable resolution than as it now stands. Certainly I concede and I am satisfied that the people in my province and throughout Canada as a whole join me in welcoming the fact that the Atlantic region will receive the preference at this time because of its depressed condition but we would like to see legislation introduced that would make it possible to extend assistance of this kind to every province in Canada requiring it without the necessity of having to go to parliament to bring in an amendment to the act.

As I said earlier, the cost of electrical power throughout the nation should be studied. I believe we should know what we are talking about when we speak of cheaper power for the Atlantic provinces as compared with the other provinces so we can rest assured that the money we are being asked to expend today for this project will achieve the desired results.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, it is with a great deal of pride and pleasure that I rise to speak in support of this resolution. The pride arises out of the fact that it is a Conservative government led by the great and illustrious Prime Minister, champion of the little man in Canada, which has introduced this legislation. At long last we in Nova Scotia and the Atlantic provinces have been discovered by Ottawa and it has taken a Conservative government to make this discovery. In line with this it has had the courage and imagination to do something of value for this part of Canada. Of course, I could say that we were "discovered" once again by the previous government, just prior to the last election as we had been on similar occasions for many years, but that was as far as it ever went. In fact, just before the

last election we were promised everything under the sun short of moving the national capital from Ottawa to Halifax.

An hon. Member: By John Diefenbaker.

Mr. Muir (Cape Breton North and Victoria): We were deluged with cabinet ministers in their eleventh hour repentance; and after all the deadwood had been brought in they tried their luck with "smallwood" but alas the people of Nova Scotia were not going to be fooled again. As one prominent newspaper has stated:

> The Conservative government is being true, not only to its election promises, but to its whole concept of national development, when it announces large-scale measures to promote production and distribution of cheap power in New Brunswick and Nova Scotia.

I feel that the announcement of this program is to be highly commended. It offers the type of assistance specifically directed toward industrial growth that will do the maritimes the most good. For generations we have lagged behind the rest of Canada in progress and prosperity. In 1956, for example, Nova Scotia's per capita income was $1,000 and New Brunswick's $923 against a national average of $1,350. It may be said that the Atlantic provinces are being specially favoured by this government. This is not so. We have not been asking for favours, only for our rights, and it has taken a Conservative government to recognize them. I think all hon. members must have heard at one time or another of maritime rights. This is the boldest step ever taken by any government since confederation to raise the economy of this area.

The rash of promises that were made by the former government in its dying throes prior to the last election made mention of the construction of thermal plants but there is a tremendous difference in the proposal made at that time and the excellent one we have before us now. By a strange coincidence that death-bed proposal was made on March 14 by some fellow by the name of Harris. Every one in the opposition is talking about that date. How interesting that it should have been made on March 14, 1957, and then came June 10, 1957. What a strange coincidence. I do not know what the connection is between these two dates but they are separated by only a short space of time.

I was pleased to note when the Prime Minister made his momentous announcement in this house on November 14 last concerning assistance to the Atlantic provinces, the Leader of the Opposition was quick to see the difference to which I have referred. In his remarks one of the chief differences he noted was that this government was prepared to pay subventions on coal used for power purposes. He indicated that this would probably have the double-barrelled effect of aiding the coal industry as well as providing more attractive power for industrial purposes. There is no probability about it: the payment of subventions will definitely assist the coal industry and this is of vital importance to us in my area because the coal industry is our bread and butter.

It was mentioned by the hon. member for Inverness-Richmond that our proposition had improved a wee bit since the proposal of his government was made on March 14. That "wee bit of improvement" in which we are so interested amounts, I believe, to approximately $1,700,000 yearly in subventions. The minister could correct me if I am wrong in that figure. To my knowledge no mention was ever made to the payment of subventions until the proposal of the present government was outlined, as verified by the remarks of the Leader of the Opposition. The hon. member for Inverness-Richmond also said that it did not become an election issue. It certainly was an election issue in my area because we were vitally interested in this question which was extremely important to us.

There is a tremendous difference, with a capital "D", in the pre-election plan offered at the last minute by the previous government, and the one we have before us today. This plan has been hailed, welcomed and acclaimed by provincial leaders, civic leaders and by newspapers, not only in the Atlantic provinces but throughout Canada, and also by the coal miners who are the group most vitally concerned and by the leaders of the miners' union and others. I do not have as much time as some other hon. members and my scissors are not very sharp so I did not have an opportunity to clip all the newspaper articles and editorial comment expressing support of this measure but many comments have appeared in the press since this announcement was made. The hon. member for Inverness-Richmond read several press comments into the record and I could do the same thing. One article to which I have already referred is entitled, "Muscle for the Maritimes" and reads:

> The Conservative government is being true, not only to its election promises, but to its whole concept of national development, when it announces large-scale measures to promote production and distribution of cheap power in New Brunswick and Nova Scotia.

Mr. MacEachen: Would my hon. friend tell me from what newspaper he is quoting.

Mr. Muir (Cape Breton North and Victoria): That is to be found in the Cape Breton *Post* a good paper and it is quoted from the Toronto *Globe and Mail.* I have another editorial which appeared in the Ottawa *Citizen* of November 16, 1957.

Some hon. Members: Oh, oh.

Mr. Muir (Cape Breton North and Victoria): My hon. friends on the opposite side should not laugh and ridicule because that is one reason you are sitting over there.

Mr. Gauthier (Portneuf): Then you will soon be here.

Mr. Muir (Cape Breton North and Victoria): You know, I am one of those of whom a so-called great Liberal leader said they should be put in padded cells. I am a coal miner and that comment was made by a so-called great leader of the Liberal party.

Mr. MacEachen: To whom are you referring?

Mr. Muir (Cape Breton North and Victoria): I would dislike to disturb him today, he has since passed on.

Mr. MacEachen: Mr. Chairman, I think the hon. gentleman should be fair enough to tell us to whom he attributes that remark.

Mr. Muir (Cape Breton North and Victoria): I have answered you, sir.

Mr. MacEachen: You should identify the person; I do not think the statement was ever made by any Liberal.

Mr. Muir (Cape Breton North and Victoria): If the plan of the previous administration was as good as the hon. member for Inverness-Richmond stated it was when a gentleman named Mr. Harris announced it, why did the people of Nova Scotia show their resentment toward the plan by returning ten Conservative members out of a possible 12 from Nova Scotia.

Mr. MacEachen: You explained that yourself by telling us about the Conservative promises made before the election.

Mr. Muir (Cape Breton North and Victoria): I should like to quote what Mr. John H. Delaney, international board member of the United mine workers of district 26, had to say shortly after the announcement:

> We very much welcome the announcement by the federal government that thermal power plants will be erected in the maritimes. The plan is an excellent thing for Nova Scotia's coal industry. Anything that will expand the maritime market for coal is good for the industry. The government's plan as announced last week will not only provide cheap power for industry, but will very materially help the coal industry.

That is a very important point—helping the coal industry.

There has been some controversy within the last day or so as to what the Leader of the Opposition said at some meeting in Fredericton. I was quite interested. I had not followed it before; it had not appeared in our local papers, but I made it my business to look it up and I have it here as it appeared in the Daily *Gleaner* of Fredericton for May 24, 1957. I should like to take this opportunity to say that what the hon. member for Cape Breton South said yesterday was quite right. Absolutely right. I should like to quote part of the article. An editorial appeared in the paper some time previous to the meeting and it was in relation to that editorial that the Leader of the Opposition made his remarks at the meeting, and I should like to quote from the article:

> After quoting the editorial, Mr. St. Laurent would not venture to say how much power would cost in New Brunswick. It was an engineering proposition that would have to be investigated. If it was found that power could not be produced at reasonable prices the Atlantic provinces would have to do without it.
>
> However, the Prime Minister expressed confidence that power could be produced at "reasonable and competitive prices".

I am covering the article pretty well; I am not just picking out certain parts. I continue:

> Purpose of the federal offer to construct thermal plants was to bring cheaper power to the maritimes; not primarily to aid coal mines in Nova Scotia.

Remember he said "not primarily" to aid coal mines in Nova Scotia.

> Mr. St. Laurent believed that eventually—

This is the point that the hon. member for Cape Breton South mentioned yesterday:

> —coal would be too valuable a material for production of synthetic products to be used as a fuel. He did not want to see coal centres turned into "ghost towns", but he would not encourage any immediate substantial increase in coal production.
>
> It would not be fair to future generations in the maritimes who would greatly benefit from the increased value of coal as an industrial raw material. If federal-developed thermal power aided Nova Scotia coal mines, that was "incidental and will be all for the good".

That is what the former prime minister said. Incidental! That is more or less Liberal thinking, incidental as far as the maritimes are concerned.

Let us get back to the resolution. I should like to make a very important observation. Let me say that we have come a long way when we look back and recall the visit of the former minister of fisheries in the previous government to the maritimes. This has been mentioned in the house on another occasion, but I should like to refresh the memories of my friends opposite. At that time the hon. member for Coast-Capilano opened his mouth and put his foot in it with

his infamous statement that uneconomical coal mines must eventually close. Close them up! It does not make any difference. Close them all up, nothing can be done about them!

Don't even consider if anything can be done. It was a simple matter for the hon. member to make this rash statement, but it is not so simple for a miner to leave his home and everything he has accumulated through years of hard, dirty, miserable and dangerous work. And this is what he would have to do because we do not have any other industry to which he can turn. It is no wonder that the union officials of Princess local union of the united mineworkers of America at Sydney Mines, my home town, termed this statement brazen and a black eye to organized workers in the coal industry in my province. I can think of other words that may have been used. What a contrast, Mr. Chairman, what a picture! We have on the one hand a member of the Liberal government coming into our own back yard and with unmitigated gall kicking us in the teeth. This is a do-nothing-for-you, a take-you-no-where and a kick-you-after-he-gets-you-there policy.

As far as the maritimes are concerned, this has been the policy of the Liberal party in the past; it is their present policy and it shall continue to be their policy in the future. On the other hand, we have a government which is composed of men who are dedicated to the job of providing good legislation, and they have proven it in the short time that they have been in office, not only for the maritimes but for all of Canada.

When I began my remarks I mentioned that I was proud that this legislation had been introduced by a Conservative government. Let me reiterate that once more. I have to interrupt myself because I have something here that is very important, namely another statement from the office of the united mineworkers of America at Glace Bay, Nova Scotia. This local represents roughly 10,000 men at the moment. I should like to quote the following paragraph:

> It will take some time for the government program to be completed, but "we hope the proposal to pay subventions on coal used in power production will apply right away".

That is the thing we are interested in and that is the thing we were interested in during the campaign. Let me reiterate once more that I am doubly proud that we have as our leader the Prime Minister, a great man who will not only be noted in history as the man of the year 1957, but the man of the century in Canada.

Mr. Johnston (Bow River): Mr. Chairman, I should like to say a few words on this resolution. Let me say at the outset, as some other members from the west have already said, that I am indeed pleased to know that New Brunswick is getting some assistance. It does not matter to me particularly what government they get it from so long as they get it. The Atlantic provinces are one part of Canada which has not received the same consideration that other parts of Canada have received, neither have the western provinces received the same assistance as have other parts of Canada. Therefore I am grateful that on this occasion at least the Atlantic provinces are getting some consideration.

It seems to me, Mr. Chairman, the time has long passed when we should have legislation in this country which discriminates against one part of the community as compared with another. Over the last few years we have had several examples of that discrimination. One example that comes to my mind is the freight rate structure of Canada. The Atlantic provinces and the western provinces have been discriminated against in the matter of freight rates ever since confederation. It is no wonder that some of the provinces are complaining bitterly at the present time about that discrimination and are asking that some assistance be given them in this respect.

As I say, I am glad to know that the Atlantic provinces are getting assistance. I do not want anything that I might say to be construed in any way as being opposed to assistance to the Atlantic provinces. In fact, Mr. Chairman, on many occasions in this house I have emphasized the importance and the necessity of giving assistance to the Atlantic provinces so that they might be brought on a par with the central provinces of Canada. I have also urged that the western provinces might be brought on a par with the central provinces because, in my opinion, it is not good economically, it is not good nationally that the two central provinces should be given assistance that will be of greater benefit to them than to the other parts of Canada.

I said a moment ago that I thought the freight rate structure of this country was discriminatory against the Atlantic provinces and the western provinces, and I want to say that this bill is discriminatory also in its effect. I think, in that sense, it is bad. Certainly I know the Atlantic provinces need assistance in generating electrical power. I happened to be there a couple of years ago and I can say without hesitation that, in my judgment at least, the Atlantic provinces are

10 to 15 years behind the central provinces because of the discrimination which has existed in the past. We in the west are fighting to the utmost extent of our ability in trying to make some progress against the obstacles which have been placed in our way by the central provinces.

Here we have a resolution which, in my judgment, is discriminatory against every part of Canada. I am not referring to the central provinces when I say that. The resolution before us, according to the minister, has two main purposes in mind. He says this, as reported at page 3037 of *Hansard* for January 8, 1958:

> As announced in this house on November 14, 1957, by the Prime Minister, apart from the financing of Beechwood, which is being dealt with separately, the present proposed measure would do two things. For those Atlantic provinces who desire such aid the dominion government would build for and sell to the provinces such thermal plants and transmission facilities as may be agreed upon. The second part of the program would consist of granting a subvention on Atlantic provinces' coal consumed for the production of power in the Atlantic provinces. This subvention would be so calculated as to eliminate, so far as possible, the differential in price between coal used in the Atlantic area and coal used in Ontario for the production of power.

Thus not only is assistance to be given in this way, but he said that in the future there would undoubtedly be other programs submitted which would require to be considered by parliament. This is, therefore, a rather extensive program. We hope that the results of the resolution will be beneficial to the Atlantic provinces. We hope also that this element of discrimination is removed. It is quite obvious because the resolution itself says:

> That it is expedient to introduce a measure to authorize the government of Canada to enter into agreements with any of the Atlantic provinces to provide assistance in the generation of electric energy by thermal electric power projects and in the control and transmission of electric energy,—

This is important.

> —and including provisions for the payment of a subvention on coal used in the production of electric energy.

Why does the government confine it to the Atlantic provinces? Why not say that the government will enter into agreements with any province to provide the same facilities as they are providing under this measure for the Atlantic provinces? I thought this Conservative government was going to do something about the development of Canada, but here we have a measure which, in its effect, is going to carry out the same policy of discrimination as was carried out by the other government. I was in hopes that this government would do something on a national basis to help all those have-not provinces, instead of confirming this measure of aid to one section of the country.

I want to speak about this subvention on coal. We, in the province of Alberta, produce electric power by two means, by hydro and by this thermal process. It is difficult for some of the thermal units to compete with hydro. I believe that in the city of Edmonton they have switched to gas. They had no assistance when they were forced to use coal. Then, down in the Drumheller area we produce electric power from coal. We have had no assistance.

Now, substantial assistance is going to be given to the coal mining industry of New Brunswick and the other Atlantic provinces. I am glad to see them get it, because in the last few years they have been in very great difficulty. We in Alberta have been in the same position, so why discriminate against Alberta? I am not going to speak about coal at this time, but I did put these figures on *Hansard* just the other day, and I want to say that over the last four or five years the Alberta mines have been forced to close at the rate of 15 to 20 mines a year. Our production is continually falling.

The last speaker was referring to some of the promises made by the Prime Minister in the Atlantic areas, which he is now carrying out. What about the promises he made concerning the production of coal in our provinces? A number of mines closed again in the first eight months of last year, and production went down considerably.

Mr. Beech: Why not change governments?

Mr. Johnston (Bow River): God forbid that anything like that would happen.

Mr. Bell (Saint John-Albert): Don't be so serious.

Mr. Johnston (Bow River): This is a serious problem. I am amazed at the attitude of the hon. member when he asks, why don't we change governments. Surely he recognizes that there is discrimination in this legislation. He should be the first one in this house to object to this type of legislation. Let him come out in the province of Alberta and he will see that the only reason we have been progressing is that we have not had either a Liberal or Conservative government.

An hon. Member: What about oil?

Mr. Johnston (Bow River): Oil has done a lot, but what have you fellows down here done to our oil industry? You have practically ruined the oil industry because of your trade policies with the United States.

The Chairman: Order.

Mr. Johnston (Bow River): These are the tactics used by this so-called progressive government; the Diefenbaker government.

Let us examine the extent to which this project is going to assist the coal mining industry of the Atlantic provinces. It is going to be a very substantial amount. Let me say that I am glad they are getting that assistance.

An hon. Member: Then why do you object?

Mr. Johnston (Bow River): Because of the unfair treatment that is given to the west in regard to coal.

An hon. Member: Why not do that another year?

Mr. Johnston (Bow River): Let us not wait for another bill. All you have to do is leave out that word "Atlantic" and put in the word "any". My friends might think this is a joke, but I am afraid that when it comes time for another election they will not see the joke. All we are trying to do now is make sure this thing will not be used as a political football.

Mr. Brooks: Does the hon. member consider the P.F.R.A. discriminatory? It applies particularly to his province and not to others.

Mr. Johnston (Bow River): I would say that it is, but it does not apply particularly to Alberta. It applies to the western provinces. On many occasions I have objected to that very thing. I believe it should be made applicable all over Canada. Why does the hon. member not get up and say the same thing about this measure?

Mr. Brooks: I do not consider it discriminatory.

Mr. Johnston (Bow River): When the measure applies only to the Atlantic provinces that must be, even in your limited knowledge of the word, discriminatory.

Mr. Broome: It is too bad your knowledge is not limited to words.

Mr. Johnston (Bow River): I think my stand is well taken.

Mr. Bell (Saint John-Albert): May I ask a question?

Mr. Johnston (Bow River): Yes.

Mr. Bell (Saint John-Albert): Does the hon. member consider the trans-Canada pipe line discriminatory, in the sense it does not extend to the maritime provinces?

Mr. Johnston (Bow River): I hope, my dear sir, it gets right down to the Atlantic provinces.

Mr. Bell (Saint John-Albert): You voted for it last year. It would have been there a long time ago if it had not been for you.

The Chairman: Order.

Mr. Johnston (Bow River): It would have been there a long time ago if it had not been for you and your party.

The Chairman: I would ask the hon. member to address the chair.

Mr. Johnston (Bow River): I am just answering some of their questions, Mr. Chairman. I might add that they did their best to kill that measure entirely. But of course I do not intend to speak about the pipe line at this time. I want to refer to another part of the minister's remarks in this regard. At page 3039 of *Hansard* he states this about the subvention:

> The rate of assistance per ton will vary with the quality of the coal used in the individual plants. For example, a plant using coal with a heat value of 13,325 B.T.U. per pound would qualify for $1.81 per ton at the rate of 6.78 cents per million B.T.U., while another plant using coal of 11,190 B.T.U. per pound would rate $1.62.

Just before that, as reported at page 3038 of *Hansard*, he points out:

> The second phase of the government's program will consist of a subvention on the Atlantic provinces' coal used for the production of thermal electric energy in the Atlantic provinces. For the purpose of this resolution the annual cost of such a subvention is currently estimated to amount to $1.7 million.

I wonder whether the members of the Conservative party have given a thought to what amount of assistance that sum of money would give in restoring our coal industry in western Canada. We also could use this subvention on coal for the production of electric power. When we are talking about these subventions for this particular purpose, let us make the measure apply to all parts of Canada. Then if there were other parts of Canada that do not want to use it, that would be their affair. The measure would be there for them to use if they desire to do so. Then it cannot be said that it is cheaper to produce your power by hydro or that it is cheaper to use natural gas. If that is the case, then of course none of those provinces would apply for assistance and there should be then no objection to removing this restriction.

We in the province of Alberta are in a mighty bad position so far as our coal industry is concerned and such assistance as this, if it were applied to other parts of Canada, would be of great help. We have hundreds and hundreds of coal miners who are out of work, just as you had in the Atlantic provinces. You were seeking a way in which to be able to re-open some of these

mines, to assist the mines and the people so employed, and you figure that this is one way in which to do it. I am sure that it will. But why deprive those of us in the rest of Canada from getting that same assistance? We have many miners out there in my constituency alone who are out of a job now and who have exhausted their unemployment insurance. There is no place else for them to go because they are coal miners. Yet we do not get any assistance like this.

Surely it is time that the government of Canada began to enact legislation which would be of equal benefit all over the country so that all parts of Canada would be able to expand industrially thus giving them the same standard of living as is enjoyed by the two central provinces. When you do anything that counteracts that high principle then I think you are on the wrong road and you should change the legislation or amend it so that things will be equal, wherever it is possible to do so.

Mr. Bell (Saint John-Albert): The attitude of some of the hon. members opposite in the debate is most amazing to me. While this measure and the previous measure on Beechwood are somewhat of an anticlimax to those of us who took part in debates on these subjects over the last four years, I feel that a comment should be made on some of the things that have been said.

First of all, I think that reference should be made to the hon. member for Bonavista-Twillingate and his amazing position during these last two days. He is the only former Liberal cabinet minister from the Atlantic provinces left after the debacle in the last election. He is also, I understand, the Liberal caucus chairman of the members of that party from the Atlantic provinces, and I would think he would be obliged to speak up for any measures that would benefit one of those provinces. Yet we see the example here today and yesterday of an attack on this legislation that would definitely benefit one of those provinces in which he is supposed to be interested.

Mr. Pickersgill: I am sure the hon. gentleman does not want to be unfair. As to the Beechwood matter which is not under debate now, I said that I would not oppose something that was good for New Brunswick merely because the government would not tell us how the principle would apply in other provinces. But I think I had a perfect right to inquire how it would apply in the province I represent. When I spoke about this measure today I said it was an excellent resolution, and I have nothing to take back.

[Mr. Johnston (Bow River).]

Mr. Bell (Saint John-Albert): I certainly would think that a man with the hon. member's 20 years of experience in parliament could use the term "excellent" without taking two days to do it. However, the stand of some of the other members from the maritimes—and I am referring to them in this instance—is also amazing. The hon. member for Charlotte who has always opposed this Beechwood project—

Mr. Lesage: He did not speak in this debate.

Mr. Pickersgill: I rise on a point of order, Mr. Chairman. I was severely restricted by Your Honour and other members from the chair yesterday in debating Beechwood. Surely you are not going to permit the hon. member to debate Beechwood on another resolution.

The Chairman: I think the hon. member was referring to the debate of yesterday and I would ask him to confine himself to the proposition that we now have before us.

Mr. Bell (Saint John-Albert): That is all right, Mr. Chairman, I am merely referring to the amazing position that has been taken by the maritime members. I think the fact is very noticeable that the hon. member for Westmorland has not had anything to say in the debate today and yesterday. Since this session began we have witnessed the asking of question after question before the orders of the day were called. Yet on this important measure that means so much he has not had a word to say. It may be that he is a shrewd politician, however, and realizes that it is smart politics not to oppose this measure in any form whatever.

Mr. Pickersgill: Is this the latest form of closure?

Mr. Robichaud: I do not think any of the maritime members who spoke on both resolutions have spoken against them.

Mr. Pickersgill: Not one of them.

Mr. Robichaud: No one has opposed the measure.

Mr. Bell (Saint John-Albert): They may not oppose the measure by their votes, but that has become a common procedure around here. We know—and the *Hansard* record shows it—what has gone on in the past two days here.

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

Mr. Bell (Saint John-Albert): Yes.

Mr. Robichaud: Does the hon. member recall that in January, 1954 there was a debate in this house on the National Housing Act in which 52 speeches were made by the opposition members criticizing the legislation and

that when the vote came there were 186 votes for and 2 against, including that of the hon. member.

The Chairman: Order. I hope hon. members will confine their remarks to the subject matter we are discussing.

Mr. Bell (Saint John-Albert): What I rose to put on the record, Mr. Chairman, was simply the fact that the narrow-mindedness that has been shown, particularly by some maritime Liberal members and by some other members opposite from other parts of the country, is confined to parliament only. The people outside the House of Commons appreciate this measure and, as a maritimer, I am proud to know that fact. I want to place on record two editorials that were written and published in our papers after the news was announced of the Beechwood and the thermal plant measures.

An hon. Member: Order.

Mr. Bell (Saint John-Albert): On November 16, 1957, the Toronto *Globe and Mail* had this editorial.

Mr. Pickersgill: That great maritime paper.

Mr. Bell (Saint John-Albert): This is from a section of the country that would perhaps not directly benefit from this measure and this is the attitude they take:

> The Conservative government is being true not only to its election promises but to its whole concept of national development, when it announces large scale measures to promote production and distribution of cheap power in New Brunswick and Nova Scotia.
>
> . . . What makes us think this is the new spirit of self-help evident in the maritimes since men like Premier Flemming and Premier Stanfield came into office. That these men are Conservatives matters little enough; what matters is their determination to write a new and more cheerful chapter in the maritimes' history. Such men can be counted upon to make the very most of the newly announced power program; using it as a means to build up industry which in turn will build up living standards, tax revenues, public services and all the rest.
>
> Some will say that the maritimes are being specially favoured by Ottawa. Not at all. Whatever can be done to make these "have-not" provinces self-supporting relieves the "have" provinces (such as Ontario) which are now obliged to help carry them and which, because of the maritimes' low purchasing power, cannot do as much business there as they would like to. If per capita income in Nova Scotia and New Brunswick can be raised, every person in every province will feel the benefit.

Mr. Pickersgill: Will the hon. gentleman permit a question? Does he not think it is rather narrow minded—and I use his own phrase as I would not otherwise have used it —on the part of the government to refuse to amend this measure so as to include the province of Newfoundland in this excellent legislation?

Mr. Hamilton (Qu'Appelle): It is included.

Mr. Bell (Saint John-Albert): Newfoundland can benefit under this in the same way as New Brunswick and Nova Scotia for the particular reasons for which this measure is being brought down. In the Ottawa *Journal*, Mr. Chairman, there was a similar editorial—

Mr. Lesage: Another great Liberal paper.

Mr. Pickersgill: A great maritime paper too.

Mr. Bell (Saint John-Albert): —on the same date as follows:

> It would be perhaps foolish to expect that what Mr. Diefenbaker's government is doing will immediately raise the prosperity of the maritimes to the level of rich provinces like Ontario, Alberta and British Columbia; geography and resources can't be just brushed aside. But if what is being done results in some measure of maritime betterment, some more equal division of the good things of our country, thus bringing more maritime content and consequently more of national unity, the thing will surely be worth-while.

An hon. Member: What date was that?

Mr. Bell (Saint John-Albert): That was in the *Journal* of November 16, 1957. I think that is all I have to say at this time and I merely wanted to put these on the record. I think a great deal of credit should be given to—

Mr. Pickersgill: Mr. Harris.

Mr. Bell (Saint John-Albert): —the premiers of New Brunswick and Nova Scotia, to the new Minister of Northern Affairs and National Resources who is new to this parliament but certainly a long-time advocate of development policy and certainly very ready to catch on to many of the needs of the poorer sections of our country. I also think that the new Prime Minister deserves a tremendous amount of credit for going forward—

Mr. Pickersgill: With Mr. Harris' proposals.

Mr. Bell (Saint John-Albert): —in pursuance to his election promises. We have an old saying down in the maritimes which may not be understood by some of the hon. members who are not from that proud and historical area but which was used in the provincial election a few years ago, and, on one occasion which I remember, by our present premier when referring to the Liberals and their past record. He was referring to their promises and what they had done and I think his words are appropriate at this time so I will end my brief remarks with them:

They promised it. We did it.

Atlantic Provinces Power Development

Mr. MacEachen: Mr. Chairman, I want to make a few further comments on this important resolution. I want to assure my hon. friend from Saint John-Albert that in so far as the maritime Liberals are concerned we are 100 per cent behind this resolution.

Mr. Fulton: Queer way you have of showing it.

Mr. MacEachen: Because we claim parentage for the ideas and the imagination behind this proposal.

Mr. Fulton: You are giving it a long labour.

Mr. MacEachen: Perhaps the Minister of Justice was not in his seat this afternoon but I think if he had listened when I outlined the historical background of this measure he would have agreed with what I said.

Mr. Fulton: I was here and I do not agree.

Mr. Pickersgill: It was a simple catalogue of facts and the hon. gentleman was not here.

Mr. MacEachen: I realize that the disagreement of various members on the government side has been expressed more by irresponsible statements of nonsense rather than by an analysis of history. I think if the Minister of Justice wishes to put his disagreement in concrete form he should do so.

Mr. Fulton: I would have thought it more important to get the resolution passed.

Mr. Lesage: You want to get on with your estimates.

Mr. MacEachen: We will get the resolution passed. I want at the very outset to refer to some very sensible remarks made by the hon. member for Kings with regard to the problem of the development in the province of Prince Edward Island. He pointed out that there is hardly any hydro possibility in that island and I think the only possible way of developing electrical energy there is through coal from the west coast of Cape Breton. That is a very appealing proposition to me because the west coast of Cape Breton island lies within the boundary of Inverness-Richmond and contains very large coal deposits in the Port Hood area and Mabou area, in the Inverness area and in the Ste. Rose area. These are extensive deposits and the collieries and towns which have grown up around these coal deposits have suffered perhaps more than any other part of Nova Scotia during the difficulties in the coal industry.

I would suggest that the minister explore as fully as possible the proposition put forward by his colleague from Kings on the idea of using greater amounts of coal from Inverness county in the thermal plant in that island.

[Mr. Bell (Saint John-Albert).]

Mr. Hamilton (Qu'Appelle): You are glad we added Prince Edward Island.

Mr. MacEachen: Oh, undoubtedly. Furthermore, I have expressed my approval as enthusiastically in support of the general proposal of thermal development, although there has arisen in my constituency a problem in connection with the power plant located in the town of Inverness. This is a small power plant but it has been a very important outlet for coal from the small collieries in that area. It has been suggested by the provincial government of Nova Scotia that this plant is to be closed and that power for that particular part of Cape Breton island will now be had from the seaboard plant near Sydney. This development will be a very serious blow to that area in particular.

There is one thing that is certain—that at times there is a great demand for coal. Last year for example I understand the coal mines of Nova Scotia could not fill the orders for coal. In other times the coal market declines and there is a very great problem in disposing of the coal of the mines around Inverness. I should like to suggest to the minister, and suggest it most sincerely, that he should explore, together with the provincial governments, the possibility of maintaining the power plant in the town of Inverness under this program so that these collieries will be provided with an outlet for their coal, and so that the west coast of Cape Breton island will not be overlooked or neglected.

There is a second part to my remarks which is not as non-political as the first part. I want to make one reference to the remarks made by the hon. member for Cape Breton North and Victoria. I think that any fair-minded member of parliament would agree that if the remarks of a public man are quoted, particularly a statement by a prime minister of Canada on such an important matter as power development in the maritimes, his remarks should be quoted in full. Now it has been suggested in this house and outside that at a meeting in Fredericton the prime minister of Canada, the hon. member for Quebec East at that time, more or less dismissed the idea of power development in that region by an offhand comment to the effect that if you cannot develop power in that area you cannot have it. I believe that a fair-minded person would find nothing objectionable in the full text of that part of his speech, which reads as follows:

> Well I can't tell you at this time how much the power will cost. I can't tell you how much the plants will cost. All I can tell you is that if this

project is one that is favoured by the governments of New Brunswick and Nova Scotia, we will have it properly investigated by competent engineers and, if power cannot be produced at reasonable prices in any way—

I stress those operative words.

—in these provinces, well you would have to do without it. But I can't believe that that is the case. I am convinced that it can be produced at reasonable cost—competitive cost.

That is the full statement made by the former prime minister. What is objectionable about that? It is a very well considered and reasonable statement on an important public matter. And the hon. gentleman said later:

And our offer is to collaborate with the provincial governments and their power agencies to get for the people of New Brunswick and Nova Scotia power at the cheapest cost that can be made available. It so happens that at this time, it would be thermal power produced from maritime coal.

I believe it is important that this should be put on record so that in future truncated versions of the remarks made by the hon. member for Quebec East will not be given currency either in this house or elsewhere.

The hon. member for Cape Breton North and Victoria made some other statements which were not exactly a charge but which amounted more nearly to an interrogation as to whether the former government had taken any decision on the question of subventions for coal used in thermal plants. I will readily confess, Mr. Chairman, that during the period of the election campaign a lot of charges were made—this is inevitable in any campaign—and that this question became a matter of political discussion. But I do know that the government of Canada did take a decision which is reflected in a statement made by the then minister of public works at Chester on June 6, 1957. In that statement the minister was referring to statements which had been made by the premier of Nova Scotia on this particular matter. Mr. Winters said, as reported in the Halifax *Chronicle Herald* of June 6:

Mr. Stanfield is not in the federal government. I am in the federal government and, speaking on my authority as a member of that government, I say we will use Nova Scotia coal and that we will provide subventions, if necessary, to make that coal competitive with other fuels.

That is all. I realize that there are many technical questions to be dealt with and that there is much information we wish to have on this important topic, but no doubt we will be able to deal with these questions in committee.

Mr. Bell (Saint John-Albert): May I ask what was the date of the report of Mr. Winters' remarks?

Mr. MacEachen: June 6, 1957. I think I read it.

Mr. Bell (Saint John-Albert): At that time you might say the Liberals in Nova Scotia were getting pretty desperate.

Mr. Pickersgill: If my hon. friend from Inverness-Richmond will permit me, I happen to have been a member of the administration. Is the hon. gentleman suggesting for one moment that Mr. Winters' statement was untrue?

Mr. Bell (Saint John-Albert): No, I was not.

Mr. Fulton: A deathbed repentance is always the most sincere.

Mr. Pickersgill: I might add that that decision was made before the campaign even started, and my hon. friend from Montmagny-L'Islet reminds me that he announced it in the house.

Mr. Lesage: On April 9.

Mr. Coates: Mr. Chairman, representing as I do a mining constituency and one which also contains a thermal power plant, may I say how greatly I and the people of my constituency appreciate both the thermal power program and the subvention on coal. Why are we so pleased? We are pleased because we are going to get two things: cheaper power, which will attract the industry we have for so long tried to attract in the past and, secondly, new markets for our coal. An example of just how badly we need markets for our coal can be gathered from a news report yesterday that Dosco informed the people of Springhill that they would be unable to reopen their No. 4 colliery because of a lack of markets for that coal. The reopening of this mine is very important both for the people of Cumberland county and the people of Nova Scotia, and it is my firm belief that with the subvention on coal and the building of these thermal power plants there is no doubt that the people in my constituency can look forward in the future to the reopening of this mine.

The people of Nova Scotia are well aware of the difference between Liberal promises and Conservative action. That has been well exemplified since June 10. Shortly before June 10 we saw in Nova Scotia more members of the Liberal cabinet than we had ever seen before, probably in the 90 years since confederation. And after we had seen this Liberal deadwood they followed up with Smallwood, but it did not do very much good, because instead of one Conservative member, today there are in Canada ten Nova Scotia constituencies which returned

Conservative members. I think this is the best example of the feeling of the people of Nova Scotia toward the Liberal front benchers.

Mr. Argue: I wonder if the minister would care to inform the committee what the government has in mind by way of applying this welcome policy to other parts of Canada. I should be glad if he would make some comments on the remarks I made earlier. I do not need to tell him that Saskatchewan is hoping the federal government can adopt the policy that will aid her with her very difficult power problems.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, am I correct in assuming that all other hon. members have finished their remarks on the resolution? I would prefer just to wind it up.

Some hon. Members: No.

Mr. Knowles (Winnipeg North Centre): Is this another form of closure?

Mr. Kucherepa: Speak to the resolution.

Mr. Argue: We can speak after you do. I can appreciate the attitude of the minister in that he wishes to wait until all hon. members have had a chance to present him with their views on this resolution before he speaks but I do not think he can be serious when he said that he expects to be the last speaker in the debate or to wind it up because obviously there could be a great deal of discussion following his remarks. I would think that the best procedure to adopt in order to expedite this resolution would be for the minister to deal with the points that have been raised.

Mr. Hamilton (Qu'Appelle): If that tends to expedite the matter perhaps I should follow that course. There has been a discussion over a wide range of subjects on this resolution and in all fairness to the minister I think some of these matters could better be answered in the committee stage. I am referring to precise figures, for instance. I will mention only a few of them at this time and if any hon. member is not satisfied and wishes a fuller answer at the committee stage I will be glad to co-operate with him.

I wish to deal first with the question raised by the hon. member for Assiniboia which was also raised by Alberta and British Columbia members regarding aid to these other provinces. I think the best way to reply would be to refer to the statement made by the Prime Minister on November 22, 1957, as recorded at page 1405 of *Hansard,* dealing with the hydro aspect, in reply to questions asked by the hon. member for Bonavista-Twillingate. The first question reads:

> Are loans based on the principle applied to the Beechwood project to be available only for projects in the Atlantic provinces?

The Prime Minister said that the answer was no. The second question reads:

> If not, will all provinces qualify?

The Prime Minister replied:

> The answer is that any province that has a project for which there is an equally good case could qualify in respect of that project.

In regard to Saskatchewan the government of that province has placed before the government of Canada a tentative power proposal which more or less outlines the situation. I expect shortly they will be submitting some sort of case to the government and we are awaiting it. I cannot go beyond saying that we are willing to examine these cases on the basis of the merits of the case and along the lines of the idea I made very clear, that if there was need for it, as in the case of the maritimes area or in the case of high cost areas in any other part of Canada.

Mr. Argue: Mr. Chairman, may I ask a question on this point. Does the government's attitude relate only to projects that might be comparable to the loans made for the Beechwood project or does this offer, policy or proposal apply to arrangements similar to the thermal plants and transmission lines that might be developed under this policy? I think Saskatchewan would be more interested in the latter.

Mr. Hamilton (Qu'Appelle): I believe that would be true in any case where a province finds itself in difficulty in this regard and can make out a case on economic grounds. We are trying to get power costs down to encourage industry. I do not think it should be exactly limited to hydro. We are thinking in terms of hydro in the case of Saskatchewan because that is what their original proposition was, one dam at Coteau Creek and five downstream dams there. But as the hon. member for Assiniboia well knows, Saskatchewan with its rich coal deposits at Estevan is able to produce power at site cheaper than most hydro-electric installations. So far the provincial power corporation has been going along quite smoothly in getting loans for this purpose but like all other parts of Canada has been suffering under the burden of paying a high interest rate in the last two years and therefore there is a financial problem.

At this stage of the procedure I am supposed to be dealing with a resolution concerning thermal power in the four Atlantic

provinces as well as transmission lines but I think I have said enough to indicate what the general policy is and I hope the hon. member will be satisfied with these remarks.

Mr. Argue: Do I take it that whether or not an agreement could be reached the government would be prepared to give consideration to a proposal for assistance for thermal plants within Saskatchewan? This is the very great burden carried by the Saskatchewan power corporation and therefore indirectly by the provincial treasury in raising very large sums of money; $60,000,000 last year.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I am afraid the hon. member has gone a little further in his interpretation than I actually went. I said that at the moment we had been considering only hydro in Saskatchewan because that is the only thing about which the government has made any proposition to the federal government. I also said in relation to thermal power that the Saskatchewan power corporation was producing very cheap thermal power at the present time at site at Estevan. At this time I can only go as far as to say that the government has indicated an attitude of willingness to consider any one of these propositions in the light of the circumstances.

Mr. Gardiner: Mr. Chairman, by way of clearing my mind on the point, do I understand from the minister that the Saskatchewan government has never asked for assistance similar to this in connection with the present Estevan development where it is spending some $40 million on the development of power from coal? Has the government never asked for assistance in that regard?

Mr. Hamilton (Qu'Appelle): To my knowledge, no.

Mr. Argue: On that point, if the minister will check the record I believe he will find that Saskatchewan asked the previous administration and has renewed the same general request to this government but is waiting to see whether the government is going to fulfil its commitments so far as hydro development on the South Saskatchewan river dam is concerned and once that is decided Saskatchewan will then know the amount of money it would require from the federal government for thermal development. But if the minister wants to know the position of the Saskatchewan government, it would like the same kind of treatment with regard to all power development as is to be given to the Atlantic provinces.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I thought I had a pledge of being expedited because I did not want to start here any form of discussion concerning the particular problems of Saskatchewan or any other part of Canada. I am trying to get through a resolution preceding a bill to bring into force an act that I think will assist in getting us started on the program. I believe that this is a reasonably honest effort by the government to meet a condition of high cost power in a certain area of this country where the costs of power are higher than in any other part of Canada.

Mr. Lesage: How can you be "reasonably" honest?

Mr. Hamilton (Qu'Appelle): I am not as expert as the hon. member for Montmagny-L'Islet in dealing with dialectics and semantics.

Mr. Lesage: Oh, I am not a professor.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, there was a point raised, and I think a good one, by the hon. member for Trinity-Conception in relation to the province of Newfoundland when he spoke of the need in Newfoundland to have the word "hydro" included in there. In answer to that I think I might say that this did not enter into our minds because hydro in Newfoundland has been quite cheap compared to the cost of power in the provinces of New Brunswick and Nova Scotia. As I said, in this particular resolution we were attempting to meet a specific problem in the best way we could in co-operation with the government that requested the help.

The Hamilton river is the great source of future power for the province of Newfoundland. This has been turned over at the present time by the government of Newfoundland to a private corporation called British Newfoundland Corporation and is a little bit out of the range of help at the time because of the general idea we had expressed in regard to public and private power in these assistance bills. I would hope that in the future the province of Newfoundland some day could probably think in terms of coming into this wider field of the Atlantic provinces in handling power in that area. It is my firm conviction as an individual that until the Atlantic provinces visualize their economic needs, particularly from an industrial point of view, as one and combine their thinking in the production of power into an over-all grid, they will not be able to achieve the future development that is potentially possible for the Atlantic provinces.

In regard to Newfoundland particularly, we know and expect, from the ordinary logic of the situation that for the short-range plans in Newfoundland there may be need

for transmission lines there that would help their economics and their power situation by switching surpluses to deficit areas at times of the day or in times of the year. The long-range hopes of this province I do not intend to deal with at any length but I should like to repeat what I said yesterday that when the province of Newfoundland and the other three provinces in the Atlantic area begin to work as I think they are beginning to work now under the Atlantic provinces economic council, they will be able to help themselves by co-operation in this Atlantic area. I think this government has demonstrated its willingness to help with any form of help where they help themselves.

Finally,—possibly I could ignore this point —there was the question of the Prime Minister's statement. I think we have either to accept the statement at its face value that it means what the government says, or we do not accept it. We cannot go beyond that fact, that the statement has been made. It is government policy and we will do our level best to carry it out as the propositions are put before the government.

I would like to say just a few words on some points that were raised yesterday. The hon. member for Inverness-Richmond inquired whether I could tell him how much coal would be consumed in producing the 300 million kilowatt hours, basing myself on a 50-megawatt unit at Saint John. I am informed that the amount of coal will vary, of course, on the quality of that coal and that possibly between 135,000 and 150,000 tons of maritime coal might be required to produce 300 million kilowatt hours in the manner stated.

The hon. member for Montmagny-L'Islet also put forward a number of questions which I shall try to answer even though we may be anticipating some of the discussion on the second reading of the bill. We have been considering matters with the provinces of Nova Scotia and New Brunswick at the official and ministerial level and our talks have been fruitful. I know that the hon. member would like to bask in the comfort that this government's program is no different from that proposed by the former Liberal government. It might be of a little help to the hon. member in his present position and it is, I think, to the credit of the staff in the continuation of administration that we have in a democratic country with one government carrying on after the other that all the work of my hon. friend before June 10 has not been lost.

Mr. Lesage: Surely not.

Mr. Pickersgill: That is evident from this resolution.

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): It would be misleading this house and the country to say that both programs are identical apart from financial assistance to the Beechwood project which the former Liberal government was not prepared to give. This government is prepared to give a subvention on Atlantic seaboard coal used for the production of Atlantic thermal power. It is our contribution coupled with the Beechwood which is the really effective contribution toward the lowering of power costs to the Atlantic provinces.

Mr. Lesage: No.

Mr. Hamilton (Qu'Appelle): A combination of the two. One alone is no good. The two have to be worked together. I have not mentioned all of the things I have here to indicate the difference between the policy of this government and the policy of the previous government. I was going to use this on second reading, and I think I will keep them for that time. I have given the committee just an example of the type of thing that I tried to say last night in my opening statement. It is a combination of the hydro and the thermal which makes possible that extra saving to produce the low-cost situation that we are trying to achieve. Furthermore, the former government proposed to make this aid available only to the provinces of New Brunswick and Nova Scotia. I have already indicated that this government is prepared to make aid available to thermal plants and transmission facilities for the four Atlantic provinces.

Mr. Lesage: May I ask the minister a question? Has he read Mr. Harris' budget speech?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Lesage: Does he not know that the offer was made to the Atlantic provinces in Mr. Harris' speech on April 9?

Mr. Hamilton (Qu'Appelle): I have read both. As I was about to say, in the discussion with the two provinces which have asked specifically for assistance, in the proposed bill we have agreed that the period of depreciation for thermal plants will be 30 years and for steel towers 40 years.

My hon. friend asked whether the several recommendations contained in the Montreal Engineering report have been accepted and what action has been taken to implement those recommendations. Those recommendations could be summarized as follows: one, New Brunswick and Nova Scotia power requirements to be met in the main by large steam plants feeding into a grid; two, sites for steam plants on tidewater to be Saint John, New Brunswick, Halifax, Trenton and

Sydney; three, utilities to connect within and between New Brunswick and Nova Scotia by the end of 1959; four, New Brunswick and Nova Scotia utilities to work out agreements for adding plants and sharing costs of spare capacity; five, defer 50 megawatt plant at Saint John if Nova Scotia and New Brunswick can be interconnected in the near future; if not, instal the Saint John 50 megawatt unit immediately.

How the provinces use their power plants and facilities will be largely a matter for them to decide. It is clear, however, that such facilities as are provided by the federal government we shall require them to use. We shall be guided largely by these recommendations so far as this government is responsible for action. I have no doubt that the provinces will also act in a similar way.

I should like to point out to the hon. member and to all hon. members that one of the great differences between what we have just done on behalf of the Atlantic provinces and what was proposed and what was in the minds of the previous government is essentially the principle of the whole conduct of democratic government in this federal state. We have proposed to build and to sell to those provinces and to give them complete power to operate and run their own show and make their own decisions.

Mr. Lesage: So have we.

Mr. Hamilton (Qu'Appelle): And only deal with those matters in so far as they affect the federal interest. The previous government did not offer to build and sell; the previous government offered to build and operate by the Northern Canada Power Commission, those power plants and to build and to lease the transmission lines to those two provinces. The former government, centralizing in concept, centralizing in action, were going to run the development service in those two provinces. Knowing the maritime spirit, as I have seen it demonstrated in this house in the last few days, I can understand the maritime objection and why they say they want to run their own show. But it is a matter of great pride that we have gone in and trusted them to come into partnership and helped them to achieve their objective and still maintain the maximum amount of local government. I think I can state quite frankly that this is the feeling of this government. We believe that wherever possible local government should be given the power to govern and that is essentially the principle under which we will operate in the name of efficiency. We sometimes have to co-operate. Sometimes we have to do things at the federal level, but wherever possible I think that most of us would support the idea that we should put the emphasis on local government and local control. That is what we have done.

Obviously, after the completion of the two units at Beechwood the power requirements of both provinces will be met in the main by large steam plants feeding into a grid. The first plants to be built, as I indicated yesterday in my statement, will be one 50-megawatt plant at Saint John and one 20-megawatt plant at Fredericton. It is now planned to interconnect the main utilities within themselves and between the provinces by the end of 1959—we are not just sure when they will be finished.

Mr. Lesage: How do you reconcile that with the recommendations of Montreal Engineering?

Mr. Hamilton (Qu'Appelle): It is the second choice; either one or the other. The program I have just outlined indicates Mr. Chairman, what it is proposed to do in the immediate future to implement the recommendations of the Montreal Engineering report. If my hon. friend examines the matter carefully, as I am sure he will, I think he will realize that all the recommendations made by that company are in process of being implemented in so far as it may depend upon this government. We have given the maximum amount of control to the local power corporation of these two provinces.

The hon. member for Montmagny-L'Islet had one further question. He pointed out that on page 27 of the Montreal Engineering Company report the total cost per kilowatt hour, at a 50 per cent capacity of a 66 megawatt unit, is shown to be 10.45 mills. You will remember that I used 10.65.

Mr. Lesage: And I used 10.85.

Mr. Hamilton (Qu'Appelle): This is a little bit confusing to other members of the house because the report gives examples for a 50 megawatt unit and for a 66. Originally I used the figure for the 50 megawatt and my friend used the figure for 66 megawatts, and now I am on that.

Mr. Winch: Would the minister answer a question? I have been asked what the hon. member means because some of the time he speaks of megawatts, sometimes he uses kilowatts, sometimes he uses watts and the term electricians use is k.v.a. I think it would help if the minister would explain.

Mr. Lesage: A megawatt is 1,000 kilowatts.

Mr. Winch: Do not tell me, I know.

Mr. Hamilton (Qu'Appelle): I am assuming that the letter "k" is for kilowatt and small

"m." is for 1,000, and if you want to make me use the large figures it will take longer.

Mr. Winch: I am not going to embarrass the minister, but I have been asked why he sometimes uses kilowatt and sometimes watt when our term is k.v.a.

Mr. Lesage: The "v" is for volts.

Mr. Hamilton (Qu'Appelle): These are the figures for which the hon. member asked. He said that the previous figure given for Beechwood had been between 7 and 7.5 mills and it was based on an 85 per cent load factor.

Mr. Lesage: For 300 million kilowatt hours.

Mr. Hamilton (Qu'Appelle): That is absolutely correct. He wondered how, for 300 million kilowatt hours, with money at 6 per cent, I could arrive at a figure of 8.93 mills for the replacement cost of thermal power, and he suggested to me that I look over the figures so that the record would be put straight. In answer to that question I am going to read very slowly because this is a matter of arithmetic. I will speak slowly so that any hon. member may take down these figures.

If one assumes for the total installed capacity of the two units at Beechwood 72 megawatts, and money at 6 per cent cost and a load factor of 50 per cent, the cost per kilowatt hour works out at 7.3 mills. Now, if one considers a 66 megawatt thermal unit of that installed capacity and one assumes money costing 6 per cent, coal at 42 cents per million b.t.u. and a 50 per cent load factor, the cost per kilowatt hour works out to be 9.83 mills which, less the calculated effect of the coal subvention, would work out at 8.93 mills per kilowatt hour.

Mr. Carter: Would the minister say how this figure compares with the use of fuel oil instead of coal?

Mr. Lesage: It is higher.

Mr. Hamilton (Qu'Appelle): I wonder if the hon. member would leave that question until the committee stage. I could work it out, but not now. This is the figure I submitted initially, and that is how the figure was arrived at.

I want to point out that any person who looks casually at the Montreal Engineering Company report might misunderstand it. The Montreal Engineering Company figure is worked out on a private power development basis, with money at 7.5 per cent, a 25-year amortization period and coal at 47 cents per million b.t.u. This results in the cost figure of 10.45 mills or 10.65 mills, depending on which application you are making, which I gave to the house and which I compared with a cost of 9.83 mills before a coal subvention was applied. After the coal subvention is applied the cost would be 8.93 mills, and that was my original figure.

Mr. Lesage: May I ask one question of the minister? What was the amortization period used in both cases, first for Beechwood and secondly for the 66 megawatt coal-fired plant?

Mr. Hamilton (Qu'Appelle): I wonder if the hon. member could hold that question over for the committee stage.

Mr. Lesage: It is quite all right; it will be in *Hansard*. I believe the minister will realize that the amortization period used is a very important factor.

Mr. Hamilton (Qu'Appelle): Yes; they run from 45 to 50 to 60 or 66 years. I think I have that figure here, but I lost the page in the book.

Mr. Lesage: That is quite all right. Has the minister finished his remarks?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Lesage: There is one point I wish to raise in connection with the minister's remarks. First, a megawatt means 1,000 kilowatts and not 1,000 watts, as someone tells me I said.

Mr. Winch: You said 1,000 watts.

Mr. Lesage: It is 1,000 kilowatts.

Mr. Knowles (Winnipeg North Centre): In other words, it is a million watts.

An hon. Member: So what?

Mr. Lesage: During the course of the minister's answer a few minutes ago he pointed to the fact that the agreement he is about to reach with the provinces is much more advantageous for the autonomy of the provinces than the proposal that had been advanced by the previous administration in that the present government would build the plants and transmission lines and, as he said yesterday, the provinces would have to purchase them immediately at cost and pay for them over a period of years. I might remind the minister that Mr. Harris, when he made the offer of the previous government in his budget speech of March 14 last, offered Nova Scotia and New Brunswick the opportunity of purchasing the plants and transmission lines at any time they wished. I quote from page 2220 of *Hansard* of March 14, 1957:

> Under this proposal, the transmission lines would be rented on a non-profit basis and the power would be sold at cost to provincial electric systems. The purpose would be that the plants and other

facilities built under this program can be acquired by the provinces at any time on payment of their amortized cost.

The minister should not forget that when the present administration took over we were negotiating with the two provinces of New Brunswick and Nova Scotia, and that no final agreement had been reached. He will agree that some principles had been put forward, principles which have been kept and rightly so by the present administration in the agreements they are trying to reach with the two provinces now and which are the object of this resolution. If the minister looks at the file—I have here Sessional Paper No. 117 tabled on Friday, January 3, 1958—he will see that correspondence was maintained between the premiers of the two provinces and myself until the end of April. Then, of course, I was rather busy for some time and the deputy minister of the department continued the correspondence, while the officials, according to this sessional paper, carried on negotiations at the official level on technical matters.

At that time, as will be recalled, we were waiting for the report of the Montreal Engineering Company, which was absolutely necessary before we could reach a final agreement with the two provinces concerned. This program, therefore, was initiated in March by the previous administration, was discussed and was evolved until there was a change of government on June 21.

On July 12, according to this correspondence, the premier of New Brunswick wrote to the then minister of northern affairs, now Minister of Agriculture, and the negotiations were continued up to the time that agreement could be reached. Agreement has been reached on certain principles but there are still some matters to be settled before agreements can be signed. I do not see how this present government could contend that the previous government had not done whatever was possible to try to reach agreement with the provinces, respecting their autonomy, in consultation with those two provinces; and what the government has done is just to continue the negotiations that had been started previously on the principles which were enunciated both by Mr. Harris and myself last spring.

Mr. Hamilton (Qu'Appelle): Including Beechwood.

Mr. Lesage: Beechwood has nothing to do with this resolution. I discussed Beechwood yesterday and I made the position of the previous government very clear on Beechwood. This resolution deals with a program for thermal installations and transmission lines in the Atlantic provinces. This program is completely different from the proposal presented yesterday dealing with a loan to New Brunswick for the Beechwood project. As I said last night, this measure is only a continuation, with modifications, after consultation with the province, of a project which had already started under the previous administration. It is only a continuation of the policy which was enunciated, which was evolved and which would have been put into practice by us in co-operation with the provinces had it not been for the event of June 10.

Mr. Hamilton (Qu'Appelle): I think we have to clear this matter up once and for all. I know that it has been ruled that I cannot speak on anything else but this thermal plant measure, but the whole thing would not have been even possible without getting the cost down. We could not get the cost down if we did not combine thermal and hydro. That was why I said "including Beechwood". The hon. member rode over that question and implied that this program we have announced is the same as that of the previous government. But I can say quite frankly that it is not so on that point, and that we could not have met this test without tying in with hydro.

Mr. Lesage: I agree first that the test that we had in mind, as expressed in my intervention on April 9, on the subvention on coal is not the same as the one that is being proposed in this resolution. With that I agree. I agree that we were not ready at the time to make a loan on Beechwood; but I do not agree that that program was not to have an interconnection between Beechwood and the thermal plants. Of course it was the program, and the minister knows it very well.

Mr. Hamilton (Qu'Appelle): The point I am trying to get through the member's head is that the cost of hydro power depends on the interest rate and that one fact does not seem to have sunk in here. If we are going to get the cost down on these thermal plants we have to get the cost down on the hydro. One of the members asked a question the other day along that line. I do not like to raise my voice in this connection,—

Mr. Lesage: Do not do so.

Mr. Hamilton (Qu'Appelle): —but it seems to me that you must have an understanding of the basic economics of financing these power propositions in order to understand what is going on here. In answer to a question earlier in the session on the difference between the cost at 6 per cent at Beechwood I gave the answer to the house of 7.5 mills. Then under the present rate of financing as proposed under the Beechwood proposal of

4⅜ per cent the cost was reduced 1.2 mills or to 6.3. Then the question was raised—this was under Beechwood which I am not allowed to refer to here but which affects this debate to a degree—that I had given the wrong impression by using an 85 per cent load factor and that I should give the figure for a 50 per cent load factor. Any person who knows the A.B.C.'s of the matter of cost, whether it is gas or electric power, knows that the lower the load factor, the higher the cost.

Mr. Lesage: Surely.

Mr. Hamilton (Qu'Appelle): Therefore the saving will be greater and we are helping the province much more if we use a load factor that is higher. In giving this figure today at an 85 per cent load factor I was giving the government's maximum position in helping the province.

Mr. Winch: The first thing you know you are going to get me into this thing.

The Chairman: May I take this opportunity to congratulate both hon. members for their endeavour to keep their remarks within the confines of the resolution which is before the house.

Mr. Hamilton (Qu'Appelle): I think that at the moment I was trying to make a correction.

Mr. Lesage: May I at this point say a word as to what the minister replied to me regarding the cost of power at Beechwood, his answer to the question from the hon. member for Inverness-Richmond was that the cost of Beechwood power with an interest rate of 6 per cent, was between 7 and 7.5 mills. The load factor was not mentioned. But because the figure of 300 million kilowatt hours utilization was mentioned I felt it was an 85 per cent load factor that was used to come to that conclusion. But the minister in his answer a few moments ago told the committee that the cost in mills on a 50 per cent load factor was 7.3 mills for the two units at Beechwood, did he not?

Mr. Hamilton (Qu'Appelle): No.

Mr. Winch: They are both wrong. It is not the load factor which governs: it is the power factor.

Mr. Lesage: Would the minister look at the sheet he read slowly: 72 megawatts; money at 6 per cent; load factor, 50 per cent; cost 7.3 mills.

Mr. Hamilton (Qu'Appelle): That is right.

Mr. Lesage: That is what the minister read into the record. So how do we reconcile this explanation with the one he gave to the hon. member for Inverness-Richmond. If the minister would rather reply on second reading, I do not mind.

Mr. Hamilton (Qu'Appelle): I am not questioning this. The whole thing, Mr. Chairman, to my mind, makes it impossible for me, with the two sets of figures I have here, to come up with an answer that is to the point because on top of the detail that I have I must have time to work out these answers. I wish the whole matter had been left to the committee stage where I could have dealt with it with some help.

Mr. Winch: May I, in all seriousness, make a suggestion at this point of the resolution stage. May I suggest that those who want to discuss the matter—and I speak now as an electrician since 1924—of peak load, power load or power factor, which is entirely different, adjourn to the coffee shop with the rest of us and discuss the principle of the resolution that is now before us.

Mr. Carter: When the minister began his reply a short time ago he said that this legislation was designed to meet a specific problem. That specific problem must be the shortage of electric power. That, I take it, is what the problem is.

Mr. Hamilton (Qu'Appelle): High rates.

Mr. Carter: I beg the minister's pardon?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I am just being very peaceful in my suggestion. The problem was that they could not bring industry into the area because the rates for industrial power were too high. So we went in in order to try to help them bring them down so that they could attract industry which would cause a greater demand for power and then your demand would start to rise.

Mr. Carter: Are you saying that there is no shortage of power and that the only purpose is to create more power in order to bring down or lower the rate.

Mr. Hamilton (Qu'Appelle): What I am saying is that there was a need for low cost or cheap power in the maritimes.

Mr. Carter: And more power. Is that not right?

Mr. Hamilton (Qu'Appelle): Yes; because if you are going to produce cheap power, you are going to need more in order to meet the demand.

Mr. Carter: Yes. We have the same specific problem in Newfoundland. There is in my own riding a fluorspar mine closed down at this moment because one of the factors in the cost of their production is the cost of

electricity. In my riding there is also a fish processing plant which is closed down at the present time because they cannot operate with a sufficiently low cost and one of the factors in their cost of production is the shortage of electricity in addition to the high cost of electricity. Both these factors are present.

How, then, does the government propose to meet that problem in Newfoundland under this legislation? The minister when speaking a little while ago mentioned the development of water power being assigned to Brinco, the British Newfoundland Corporation. That is only partially true. There are many sources of hydro power on a smaller scale which do not come under the jurisdiction of Brinco. Brinco is concerned with the huge development on Hamilton falls in Labrador and also with the watershed development in the Bay d'Espoir area, which has a possibility of producing 500 thousand horsepower.

There are, however, many other sources of hydroelectric power on a smaller scale but which do not come under Brinco at all and which are necessary for the development of Newfoundland island—particularly for the development in my own riding which is a "have-not" riding. Furthermore its only chance of survival is the utilization of the power resources which we have, and that is why we are so anxious to have this resolution made applicable to Newfoundland.

We are happy in what is being done for the provinces of Nova Scotia and New Brunswick and we are supporting this legislation, but we have a similar problem and would like to see something done under this legislation particularly in view of the fact that it is part of a national plan. If it were only a special project for those two provinces and not part of a national plan then I do not think we would have a very strong case, but as part of a national plan and in view of our need surely we have some claim for consideration under this legislation.

I could not follow the minister very well in his reference to Newfoundland. He spoke of hoping that some day something would be done; that Newfoundland would on some way avail herself of the benefits under this legislation. He spoke of transmission lines but I could not really follow his thoughts when he was speaking and I do wish he would be more specific. I ask him now to tell us in more detail just what he envisages for Newfoundland in this legislation. Transmission lines are not distributing lines. If you are going to transmit something you must have something to transmit. It must be developed somewhere. Are you going to develop it in the maritimes by using coal? We could develop it much more cheaply in Newfoundland by using hydro power.

If we are going to use coal then we would have to pay a subvention on the coal, we would have to pay freight to get it over to Newfoundland and all the handling charges between the areas, which would double the price. The price of coal in Newfoundland is just about double what it is in North Sydney and if you are going to use North Sydney coal to run the thermal plants in Newfoundland the cost is going to be terrific. Why should a federal government tie its hands in this manner and bind itself to excessive costs when the same thing could be done much more cheaply and exactly the same problem could be met in a much better way by the development of electric power?

I would be most grateful to the minister if he would tell me exactly how this legislation is going to benefit Newfoundland.

Mr. Pickersgill: Mr. Chairman, before the minister replies to my colleague from Burin-Burgeo I should like to join him in his plea and I also want to make one or two other observations. I should like at once to reassure you, Mr. Chairman, that I do not intend to go beyond the ground covered by the minister himself, and I assume that it will be permissible for me to touch upon any subject touched upon by the minister without my being called to order.

I tried without any kind of success to find out certain things from the Minister of Finance yesterday and I must say I congratulate the Minister of Northern Affairs and National Resources on his attitude to the committee. Unlike the Minister of Finance, the Minister of Northern Affairs and National Resources is conciliatory and friendly and does try his best to give us what information he has. What I fear is that he is very seriously limited by the uncertainty in the government of which he is a member about what their policy is. I am afraid that is not his disability but it is the disability of the government.

I could not agree more completely with the excellent analysis of the situation in Newfoundland as given by the hon. member for Burin-Burgeo. It is true of course that the Hamilton river, with the Columbia river is, I suppose, the greatest undeveloped source of hydroelectric power in the western world, if not in the whole world. It is also true that it is in the province of Newfoundland but it is in that part of the province which is on the mainland of Canada, and a good deal of time is going to pass before very much of the power from the Hamilton river becomes available on the island of Newfoundland.

It is also true, as the hon. member said, that there are one or two large undeveloped sites in Newfoundland which are at the present time under the control of the British Newfoundland Corporation, but there are around the shores of Newfoundland some 1300 settlements in which a series of small sites could be developed, in most cases at no terribly great cost and which no doubt could be self-sufficient if they could be developed cheaply enough. But, as the minister so accurately said when he referred to his own province of Saskatchewan, one difficulty has been the rate of interest which either a private company or the government of Newfoundland would have had to pay for financing these developments. Another difficulty is the one which small projects of this sort have in getting organized and developing on an individual scale. That is, I happen to know, what prompted the premier of Newfoundland to make the request to the Prime Minister shortly after this motion was put on the order paper that its scope should be enlarged to include the development of hydro plants.

The premier did not have in mind, and I know this because I have discussed it with him, large developments like that on the Hamilton river. He had in mind the relatively small developments with which the minister will be familiar and which serve what I suppose we must call the rural communities of Newfoundland although the word rural has an agricultural connotation which is perhaps not entirely accurate. There is no part of Canada where this power development is more needed than Newfoundland in order to give anything like equality of opportunity or anything like a comparable standard of living—not even New Brunswick.

It seems to me that the government could have made this excellent measure very much better by accepting our suggestion. It is not as though they had not been asked to do it; they were asked to do it some time ago by the premier of Newfoundland. All he asked them to do was bring hydro development within the ambit of their legislation. It seems to me that was a most eminently reasonable suggestion, and it would not have committed the government to supporting any scheme which was not reasonable or proper; it would simply have made it possible for Newfoundland to have been included in this national policy about which the government boasted in the speech from the throne.

Mr. Brooks: May I ask the hon. member a question?

Mr. Pickersgill: Certainly.

Mr. Brooks: Does he agree with the hon. member for Burin-Burgeo that hydroelectric development in Newfoundland would be much cheaper than thermal development—and that would apply either to Nova Scotia or to New Brunswick—and would not the cost of the transmission lines be the place where Newfoundland would be benefitted. Is not that where this resolution and the bill which will be brought in is intended to assist Newfoundland to equalize the cost of power in that province with that of Nova Scotia and New Brunswick? The hon. member has just repeated—

Mr. Pickersgill: The hon. member was asking a question, not making a speech.

Mr. Brooks: Does he agree then with the hon. member for Burin-Burgeo that hydro development in Newfoundland would be much cheaper than thermal development, either in Newfoundland, New Brunswick or Nova Scotia, and if it is his argument does not apply.

Mr. Pickersgill: I am very grateful to the Minister of Veterans Affairs, who has an extraordinary faculty of reminding us of good points for our arguments that we sometimes forget.

Mr. Brooks: I have listened to so many bad arguments that—

Mr. Pickersgill: He is, in a way which is quite characteristic of the government to which he belongs, offering another Indian gift.

An hon. Member: You can talk about Indians.

Mr. Pickersgill: I listened politely to the hon. gentleman when he was interrupting me and perhaps he would not mind listening to me now.

Mr. Brooks: Well, answer my question.

Mr. Pickersgill: I am, and very directly. I am saying that transmission lines at the present time to connect the various power stations in Newfoundland would be of little or no value because of the great distances between the various units in that province. What is needed in that province is, as the hon. member for Burin-Burgeo so accurately said, the development of new small plants to overcome the difficulties caused by these long distances.

Unlike the hon. member for Vancouver East, I have no expertise in these matters, and do not pretend to have any. It is no doubt true that it is cheaper to develop hydro power, though that would depend a good deal on the site and on the situation, but I would remind the Minister of Veterans Affairs that if you have not the money to do anything at all, it is no easier to buy hamburger than it is to buy a first class steak,

and we in Newfoundland see no reason why we should be allowed to have hamburger when in the hon. gentleman's province they have filet mignon.

An hon. Member: This is a baloney sandwich.

Mr. Pickersgill: That is all I am urging. I am urging the government once again, and urging the minister, to do something along the lines we are suggesting, because I believe the minister has a good deal more sympathy with our proposals than has the Minister of Finance, and perhaps that is understandable. I suspect that one reason why he should be sympathetic is that the hon. gentleman hopes to come to this house some day before a certain event happens, and ask us to vote considerable sums of money for a power development which was supposed to have started 30 days ago in his own province. He is going to find it more difficult than ever, when he comes to do that to justify his refusal, and the refusal of the government, to include the very modest demands which the hon. members for Burin-Burgeo, Humber-St. George's, Trinity-Conception and I are making to have the facilities provided under this resolution made available to Newfoundland.

Now the minister also said that we must take it on trust when the Prime Minister said that any scheme for which an equally good case could be made out would be considered on its merits, that any scheme for which an equally good case could be made out would come within the scope of the principles of the national development policy embodied in Beechwood.

It may be that it would be quite unnecessary to include hydro development in Newfoundland within the scope of this measure if the minister could give us an unqualified assurance that a loan at the rate of interest and on the same terms as Beechwood would be available for any reasonable project in the province of Newfoundland or in any other province. If the minister could give us an unqualified assurance to that effect, if he could outline precisely what the national policy is, we on this side would be far more satisfied than we are at present.

All we know, and all he has told us on the subject, is that that national scheme consists of two projects in New Brunswick and one in Nova Scotia, a project in Saskatchewan and a project in British Columbia—four provinces out of ten. Every one of these projects was well known before the present government took office. There has been no suggestion yet of anything new in this entire national policy. Our suggestion is that the national policy should be extended to the province of Newfoundland. The hon. member for Assiniboia suggested that it should be extended to the minister's own province; one or two hon. members from Alberta suggested its extension there, and the hon. member for New Westminster suggested its extension to British Columbia—

Mr. Knowles (Winnipeg North Centre): And the member for Winnipeg North Centre will be on his feet in a minute.

Mr. Pickersgill: I was just going to say, when the hon. member interrupted me, that I feel there is an obligation upon me to say a word on behalf of my hon. friend, the hon. member for St. Boniface, who is not here today because he has to be at home because of the illness of his wife. I know that he also wishes to make an appeal on behalf of his province. The minister knows that the premier of Manitoba, in the course of the federal-provincial conference—I know the minister is aware of this because he was there at the time—made during the presentation of his brief a formal request to be included.

As nearly as I have been able to gather from the minister's remarks, and from everything that has been said, the government has no ideas of its own; it is waiting for requests from the provinces. Now they have had a formal request from the premier of Newfoundland which they have not been willing to accept up to now.

I am trying to make my language as moderate as possible in the hope of melting the minister's heart and in the hope that perhaps he will be able to persuade his colleagues to do the decent thing by Newfoundland. He may even get some assistance from my broadminded colleague on the other side of the house from Saint John-Albert. I hope that when the hon. gentleman is elevated to the cabinet with the other young men who are soon to take the place, we were told yesterday, or was it this morning, of the present incumbents of treasury benches, we from Newfoundland will get a little consideration.

Mr. Bell (Saint John-Albert): Mr. Chairman, if I ever do get into the cabinet I am not sneaking in through the back door.

Mr. Pickersgill: The hon. gentleman can compare his majority and his proportion of the vote with mine, and if he would like to come and contest my riding against me he is very welcome; I would not be at all worried. I may say, sir, and I say it with pride that there is no member in this house who has a greater right to speak here on behalf of his constituents, except my hon.

friend from Burin-Burgeo who was acclaimed. There is no other member of this house who has a greater right to claim he represents his constituents, because 87 out of every 100 who voted, voted for me, and when the hon. member for Saint John-Albert has the same kind of majority from his constituency he can talk about people getting into this house through the back door.

Mr. Bell (Saint John-Albert): Mr. Chairman, I rise on a question of privilege. I did not say that the hon. member came into this House of Commons by the back door; I said he entered the cabinet by what is considered by many people to be the back door.

Mr. Pickersgill: Mr. Chairman, I think everyone knows that I had a position in the civil service which I am inclined to think, if the words of the present Minister of Public Works mean anything, would have been secure even after June 10 and it does not seem to me that anyone who suggests that to give up that kind of position to accept what do seem to be the hazards of public life and who I think most hon. members will admit has accepted them rather cheerfully, accurately describes the situation in referring to my entry into the cabinet as being by the back door.

An hon. Member: The hon. member should sell tickets for this show.

Mr. Pickersgill: I think perhaps that on reflection the hon. member would agree that he is not correct in suggesting that that is entering by the back door.

Mr. Hodgson: Sit down.

Mr. Pickersgill: Perhaps if and when the hon. gentleman arrives in the cabinet he will have to crawl in the coal hole.

Mr. Hodgson: I will at least run in my own riding. I will not have to go out in the middle of the Atlantic ocean to get elected.

Mr. Pickersgill: I hasten to withdraw that remark, Mr. Chairman, because I have the highest regard for the parliamentary assistant to the Minister of Public Works and I know he would grace any position in the cabinet. As a matter of fact I can think of one or two members of the cabinet for whom I would cheerfully substitute him.

However, sir, I must confess that I think, myself, I am getting a little out of order, and I should like to return to my very serious plea. It does seem to me that it is time we were told what this national policy for power development really is, what it comprises, how a province qualifies, how a project qualifies, what the criteria are. It also seems to me that if the minister had brought down real enabling legislation it would have laid down the qualification for all projects in all parts of Canada.

Mr. Small: You played that record for us last night, why not change it?

Mr. Pickersgill: Oh, I would change it very quickly if the hon. gentleman is impatient about it.

An hon. Member: If you must sing, why not put a little more music into it?

Mr. Pickersgill: It would be very easy for the government to silence me and to do so with my consent, if the government would answer these perfectly proper questions that are being put to it, if it would reveal what its national policy is, how it applies in the province I represent and how it applies in the other five provinces about which we have been told nothing until now.

I think this is an excellent measure. It was devised by the Liberal government and accepted by two Tory provincial governments before the election and all we have had since are some minor modifications. It is still a good measure and I am certainly going to support it, but I am doing my best to encourage the government to make it a better measure. I am also doing my best to get from the government some indication of how this policy applies across the country. I want to know how it applies to Manitoba, Saskatchewan, Newfoundland and the other provinces. How do the provinces qualify? What projects qualify? What is an "equally good case"? What are the merits? Surely we are not being asked to accept this blindly.

I conclude by appealing again to the minister to adjourn this debate, to meet with his colleagues and see if he cannot persuade them to get a royal message so that this resolution could be slightly modified to carry out what we have been asking for all day.

Mr. Brooks: If this is a policy of the former Liberal government how did you propose to make it apply to all of Canada? You have repeatedly said it was your policy.

Mr. Pickersgill: What I said, Mr. Chairman, was that the projects that are embodied in this resolution were proposed by Mr. Harris in his budget debate and amplified by my colleague, the hon. member for Montmagny-L'Islet. I did not say that the previous administration had a national policy for power development and I never pretended it did because it did not. We never pretended we had. The difference is that hon. gentlemen opposite boasted about it, put the words in Her Majesty's mouth and now when we ask what those words mean we are told we have not the right to know, it is something that

will be revealed in due course. That is the favourite phrase of this government. Members of the government used to complain about the previous administration referring to the public interest. The expression of this government is, "You children on the other side will be told in due course if you are good boys. Do not talk too much. Do not ask too many questions".

Some hon. Members: Hear, hear.

Mr. Pickersgill: The government says, "Just listen to John, let him do all the talking; and then in his own good time, if he feels inclined, he may tell you a little about what these empty phrases"—and I am afraid that is all they are—"really mean."

Mr. Fraser: That is all we got from the Liberal government for 22 years, talk and no action. Now you are getting action.

Mr. Pickersgill: What about the St. Lawrence seaway?

Mr. Fraser: We are getting action on that, too.

Mr. Winch: Mr. Chairman, with the exception of intervals of a few minutes on various occasions I have been here and have listened with keen interest to the entire debate on this resolution today. I hope that through you, sir, I can tell this government and future governments that perhaps we can learn a lesson from this debate. The government has introduced a measure which is without doubt of major importance. It embodies the principle of providing assistance to the Atlantic provinces in certain phases of power development and the transmission of power. Because of the way it is framed it has of necessity given rise to the question in the minds of hon. members from other parts of Canada as to whether or not the same principle will be applied in other provinces if requests are made by the governments of the provinces irrespective of their party affiliations. That is an important question which I believe all have the right to ask.

I did not rise at this time to bring up the question of British Columbia, Saskatchewan or Newfoundland and indeed I have been trying for quite a while to figure out a way to explain the point I wish to raise. I feel that consideration should be given in the future, and perhaps it ought to be given at this time, to referring this question to a committee for study because if you have followed all the discussion today, as I am certain you have, Mr. Chairman, you will be aware that a great deal of confusion and complexity has arisen concerning the meaning of the principle of the resolution and the engineering aspects of the project envisaged by the resolution.

We have heard from the minister, and almost everyone who has spoken, questions on engineering aspects which underly the principle of this bill, and they were introduced by the minister himself.

I ask you quite honestly, sir, how many of us sitting here as members of the House of Commons can pass on a bill when a great deal of it is bound up in engineering facets and factors? How many of us are in a position to make a decision, especially when watts are thrown around? Watts of what? What is a kilowatt? What is a k.v.a.? What is horsepower? What is the term that has been used so often, which actually means one million watts? We have had such terms as peak load and power load but no reference to the most important of all from an engineering point of view, namely electrical or power factor. Let us not kid ourselves, the power factor could mean a lot more than a peak load or a power load, especially in electrical engineering.

Therefore, sir, I hope you understand the point I am trying to make. Here we have a resolution, the principle of which I think we all agree with. How far it goes we are not sure and we are trying to find out. Some of the major arguments which have been put forward by the minister who introduced the resolution were on the basis of electrical engineering facts and terminology which most of us do not understand. Perhaps a few of us do understand them.

The minister read from a script and I as an electrician can tell him that he was wrong in some of the terms he used. What he is after is a grid system in New Brunswick and in Nova Scotia, which I hope will eventually be extended all across Canada, but a grid system was not mentioned. My hon. friend from Newfoundland—I can never remember his constituency—

Mr. Pickersgill: Bonavista-Twillingate.

Mr. Winch: I cannot learn French because there are some English names I cannot remember.

Mr. Pickersgill: It was the beginning of everything in Canada.

Mr. Winch: The hon. member discussed Newfoundland. Of course, he is interested in Newfoundland and in its development but he does not know a darn thing about electrical engineering and electronics. I could tell that from his speech.

Mr. Pickersgill: I admit it.

Mr. Winch: In electricity today is not yesterday. Today not only are we changing from copper to aluminum above ground but the same thing applies to undersea cables. In the past they were 77,000 volts and 220,000 volts but now they are 750,000 volts and this has changed the complete idea of the distribution of electricity. Therefore it might be better to produce electricity 750 miles away and distribute it. These are matters of engineering, electronics and electricity which have been thrown into the debate. I say, sir, although it happens to be my trade, I am not in a position to debate it either. I hope that as long as this debate continues we shall keep to the principle of the bill which indicates that the federal government is now going to take some action on a public basis to assist the expansion of power in two provinces. We hope we shall get an answer that it will apply to any other province which makes a request for assistance.

If we cannot do so with respect to this bill, I hope that in the future when a minister presents an argument that is based on his reading of engineering reports, the bill, after it passes the resolution stage, will be referred to a responsible and respected committee of the House of Commons before which engineers can be called to explain exactly what it means. I am certain that if that procedure had been followed in this resolution we would not have taken as long on it as we have done.

Resolution reported and concurred in.

Mr. Hamilton (Qu'Appelle) thereupon moved for leave to introduce Bill No. 244, to provide assistance in respect of electric power development in the Atlantic provinces.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF JUSTICE

A—Department—

172. Departmental administration including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada, $543,155.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Winch: Mr. Chairman, I have been waiting for a number of months for an opportunity of asking the Minister of Justice his views and policies on certain matters. I had intended to discuss the matter of capital and corporal punishment under the minister's estimates, but in view of the fact I have a bill for the abolition of capital punishment up for second reading, and have given notice of a bill for the abolition of corporal punishment, I believe that according to parliamentary procedure I should not discuss these two subjects. It is not my intention this evening, therefore, to go into the matter of capital or corporal punishment because, as I have said, of the two bills I have, one on the order paper and the other of which I have given notice.

There are matters which come under the jurisdiction of the Minister of Justice which are of the utmost importance and upon which I think, in this first session of a new parliament, an opportunity should be given to the minister to explain the government's policy. I believe we should, therefore, ask for a statement from him at this time.

First of all, sir, I should like to draw to your attention the fact that the government of Canada and the taxpayers of our country have in past years spent a great deal of money in making certain investigations and in bringing forward certain reports. I should like to draw to your attention, Mr. Chairman, that for a period of almost three years there was a joint committee of the other place and the House of Commons on the subject of capital and corporal punishment and lotteries. On July 31, 1956, this joint committee submitted its report. There are many matters in that report which are not only worthy of immediate consideration, but should have immediate consideration because the House of Commons and the other place saw fit to request that certain matters be investigated.

There is also a report from a committee appointed to inquire into the principles and procedure followed in the remission service of the Department of Justice. This report is now known and recognized throughout Canada as the Fauteux report, and it was filed on April 30, 1956. Under the preceding administration, the House of Commons was given to understand that upon the filing of these reports the government would proceed to send copies to the attorneys general of the provinces and call an immediate conference with a view to getting agreement, so far as possible, upon enacting the necessary legislation. I believe it was either in the latter part of November or the early part of December, 1956, that a meeting was held in Ottawa, not of the attorneys general but of the heads of the departments who were sent here by the attorneys general for the

purpose of discussing these reports. I am sorry to say that as a result of only a one-day meeting—I think I am correct in making that statement—it was the decision of all those present that more information would have to be obtained; that they would report to the provinces and then be in a position to come back to Ottawa with their attorneys general and reach a decision.

As I said before, I think I am correct in stating that that meeting was held in the latter part of November or early in December of 1956. No meeting whatever was held in 1957, either by the departmental heads or the attorneys general. You will recall, Mr. Chairman, that a couple of days ago I asked the Minister of Justice a question on orders of the day as to whether any date had been set for a conference of the attorneys general or departmental heads on these reports. The minister said no. This was a great disappointment to me, not only because of the time spent by the members of the other place and this house, as well as departmental officials, on these reports, but because of the importance of these reports. I was disappointed when the minister said only two or three days ago that it has not yet been possible to set a definite date for collaboration and discussion with the provinces on the implementation of some of the recommendations in the report which were filed, so far as the joint committee on capital and corporal punishment is concerned, on July 31 and the Fauteux report on April 30, 1956.

As I said, because I have two bills, one for second reading and one under notice, I am not going to deal specifically with the joint committee report of the other place and the House of Commons. However, I should like to draw the attention of the house to what I consider to be a most important and valuable report, namely what is known as the Fauteux report.

It has been my privilege to be a member of this house for not quite five years but to have been in parliament here and in the British Columbia legislature for almost 25 years. I consider this to be one of the finest reports that has ever been made on the question of penology. I am of opinion that it is one of the finest analyses ever made. I believe its recommendations are of such a nature that they should not be left in abeyance. I admit that there are some 44 recommendations in the report. I am convinced that a number of them could have been put into effect immediately in this House of Commons because they come completely within the purview and the jurisdiction of the federal house. Because my time is limited, because I believe the report is of such great importance, and because I regret so much that the Minister of Justice has informed us this week that there is still no date set for meeting with the attorneys general of the provinces, I should like briefly just to go over the recommendations and, merely by reading them, to explain thereby the importance of speedy action. If we go to page 87 of the report we find recommendation 2 which reads as follows:

2. Some means should be found whereby the courts, at all levels, may be made more conscious that the true purpose of punishment is the correction of the offender and not mere retribution by society.

That is one of the finest statements ever made. I believe it costs us about $4.50 a day for every day we keep a man in jail. The answer given by the Fauteux report is correction of the offender. That is one reason why I regret that with this report having been filed on April 30, 1956, the minister just two days ago said that no date has yet been set for a conference with the attorneys general. Recommendation 4 reads as follows:

4. The parliament of Canada should give serious consideration to

(a) the abolition of a number of the restrictions on the power of courts to suspend the passing of sentence; and

(b) the enactment of legislation to authorize probation without conviction.

That is something that is completely, wholly and solely within the power of the Minister of Justice and the federal government, on recommendation to this House of Commons and the other place.

Recommendation 7 reads as follows:

7. In passing sentences the court should rely, to a much greater extent than they now do, upon pre-sentence reports.

That is something that I would have hoped would be in effect by now. I am going to be obliged to jump over a number of recommendations. I should like to deal with all 44 of them but I am not going to be able to do so. I am going to jump to No. 16 which reads as follows:

16. Appropriate legislative amendments should be made immediately to provide that no person under the age of sixteen years shall be committed to penal institutions where adult prisoners are confined.

That is being done now and has been done inside the last six weeks on convictions under our Criminal Code. I do not need to add to that. I can see my friend the Minister of Justice nodding his head. That is something that should have been into effect before now, namely that nobody under the age of 16 could be sent to an institution where adult criminals

are confined. I should like the minister to note recommendation 18 which reads:

18. Some means should be devised by which unjustified inequalities in the length of sentences of imprisonment, especially in the cases of co-offenders, can be remedied.

Perhaps it will be recalled that about six weeks ago, on the orders of the day, I asked the minister a question on that matter. Since that time I have acquired a great deal more evidence but I think it is important. We administer justice, but in the administration of justice it is important that those to whom we administer justice because they committed an offence should not feel that they have suffered an injustice. I have here reports from papers. I will give you one with regard to two men who committed the offence of breaking and entering on ten occasions, both together. One was given a suspended sentence on the ten charges of breaking and entering and the other one who was with him received a sentence of five years. I am not going to repeat what I said on the orders of the day with regard to matters of attempted rape and rape where under absolutely similar circumstances there have been terrific differences in the sentences. I believe the Fauteux report is very wise in making this recommendation which I have just quoted.

Mr. Chairman, I am trying to mention only the things which I feel are being too long delayed and which are still going to be delayed we do not know how long because of the answer of the minister that no date has been set for a conference between his department and the provinces. Because my time is as short as it is, I want to jump to recommendation 38 in the Fauteux report. It reads as follows:

38. Some means should be found to provide specialized after-care for particular types of parolees, such as sex offenders, drug addicts, alcoholics and psychopaths.

That brings me, in my remaining time, to a matter in which I have been interested for a great many years and I look forward to a statement from the minister upon it. I refer to the situation with regard to our drug addicts and the narcotic situation in Canada. I have been interested in this matter for a great many years. I am convinced that the governments of Canada should hang their heads in shame because we have never faced up to the situation and tried to do something of a constructive nature about it. I do want to say, however, that a start has been made in British Columbia and I hope the experiment is successful but on a national basis we have not done very much about the situation.

I hold in my hands the report of the United Nations commission on narcotic drugs. It is a summary of the annual reports and it gives the situation across the world. May I refer the Minister of Justice to the part concerning Canada, according to the information given to this commission. It says this:

It is estimated that there are approximately 5,000 addicts who can be classified in the following groups:

(a) Medical addicts consisting of individuals who, for medical reasons, have had narcotics prescribed in the course of treatment and who later on have not been able to forego completely this support, even though the medical condition was no longer a factor.

(b) Professional people such as physicians, nurses, pharmacists, etc., with neurotic tendencies and easy access to narcotics, who have taken to narcotics as a "crutch".

(c) Addicts obtaining drugs from illicit sources who become addicts through association with criminal elements or because of psychotic tendencies. These addicts usually do in fact obtain their drugs from illicit sources, although they occasionally prey upon physicians for drugs if illicit supplies become scarce.

Mr. Chairman, I want to read the final sentence in this United Nations report on Canada. It says:

No definite program of treatment for addicts has been formulated.

That is the report of Canada to this commission of the United Nations on narcotic drugs, that no definite program of treatment for addicts has been formulated although according to Canada's own report there are 5,000 admitted addicts in our own country.

I would like to draw the attention of the minister to the different picture in some other countries. Israel: 10 addicts were apprehended of whom 2 were physicians, etc. Norway: the number of drug addicts is estimated to be 300 to 400 practically all of whom are receiving drugs on a prescription. Poland: drug addiction is not a serious problem in that country; drug addicts are placed under the care of provincial mental health centres which direct them to psychiatric clinics for disintoxication treatment.

Then with respect to the United Kingdom, and I am still quoting from the United Nations report, the number of addicts receiving drugs from medical sources during the year was estimated to be 290. I believe our population in Canada is around 16 million and in the United Kingdom it is around 45 million. The United Kingdom says the number of addicts receiving drugs from medical sources is 290. There is no compulsory treatment for addicts and there are no state institutions specializing in the problems of addiction. There are, however, a number of public hospitals where treatment can be obtained and several private nursing homes dealing almost exclusively with alcoholics and drug addicts.

I could go from country to country but I will not do so because I am certain the Minister of Justice has an interest in this matter. I do want to say, however, that we in Canada are derelict in our responsibility in the handling of the narcotic problem. The way to start handling the narcotic problem is to take the profit away from those who make it by selling to the addicts.

The first way we can do that is to make sure that those who are addicts are treated as sick people and not as criminals. I am not a sentimentalist with respect to those who sell to addicts. They can be put in jail as far as I am concerned; put them in jail for life, but the addicts are sick people. If we on a national basis find some system—I do not say I know the answer—of treating addicts as sick people, enabling them to have treatment and to be registered, we can thereby take the profit out of the illicit trade in narcotics. That is the first step but I want to say more than that.

My late father and I have been most interested in this question and I could tell the minister, through you, Mr. Chairman, of case after case about which I have personal knowledge. You will understand why I will not give names, but I know of case after case of drug addicts who eventually became criminals and who, time after time, went to Oakalla or to penitentiary because they had to steal in order to take care of their craving. I could also tell the minister of cases—plenty of them—where we finally got doctors, not only to take them under treatment but, because they had to have something all the time, to bring them down to a minimum and give them a dosage every day. Not one of them has ever gone back to jail since. I repeat, not one of them has gone back to jail since.

Is it not time that something was done? It is admitted that we have over 5,000 addicts in Canada. We in British Columbia are most concerned because according to all reports between one-half and one-third are in our province. Why I do not know but they are. Although a preliminary step has been taken in British Columbia by the provincial government and the committees which are now working in Vancouver and in the province with the government on a national basis, we should now admit how disgraceful it is that in the United Nations report we find the words I quoted a few moments ago.

There is no definite program of treatment for addicts; none has been formulated. Mr. Chairman, when the present Minister of Justice was on the other side of the house he was keenly interested in this matter. I remember that shortly before his election, and shortly before he became the minister he said something was going to be done about this narcotic situation. So Mr. Chairman, I am asking the Minister of Justice through you if he will tell us why from July 31, 1956 to the present time there has been no meeting called to deal with this matter.

Mr. McIvor: Mr. Chairman, I appreciate very much what the hon. member for Vancouver East has said. I, too, am familiar with that report because I have been interested in this matter for a good many years, actively since 1908 and for ten years prior to that. I must say that since I came down here I have had great help from each of the ministers of justice. I remember well the first time when I placed a case before the Right Hon. Ernest Lapointe. The big fellow just gave me a look: "Why do you want him out?" I said: "Because he is a human being and because I think he will make good." We got him out.

The reason I am on my feet now is because I want to say a word on behalf of those who are allowed out on parole or permit. I have had to deal with 107 cases. Today I have had one, through the kindness of Mr. MacLeod of the parole board, and out of all those cases there have been only three that went wrong. One was because of drink, another was because the man's wife was drinking and he did not have enough money to keep her going, and the other man, the son of a lord of Yorkshire, drank too. But the man who had a wife who was not worthy of him made good later; he went overseas and covered himself with honour.

Mr. Chairman, I can remember the first time I spoke to the present Leader of the Opposition with regard to criminals completing their sentences. He agreed that it was far better not to compel a prisoner to complete his sentence when it was not necessary, and I think the present Minister of Justice would be inclined to think that way, too. Why do these people go wrong? Most of them are young people. If you want to find a cure you must find the cause, and in my experience the worst cause is the liquor business. But many members of parliament, you know, are scared stiff of saying a word against the liquor business because there are so many votes involved. I pity the men who are in that position. I have never been in that position yet, and I never will. I believe that today no less than $965 millions are spent each year on liquor. The Minister of Justice should keep an eye on this business because it is the worse cause of crime we have in Canada today.

With regard to the present parole system, Mr. Chairman, one great need is that when

a young man, or any man for that matter, gets out he should find somebody ready to take an interest in him, because it is well known that so many of these men feel that nobody cares. "Who cares for me?" they ask. I am interested, now, in the case of a man at Fort William who has been in jail off and on for 15 years. I think he is improving because he has quit the drink. As I say, when these people get out on parole it is important they should find somebody who will take an interest in them, not for the sake of getting anything out of them but for the sake of helping them and enabling them to measure up and become good men and women.

We should line them up with some church —with whatever branch of the church they lean toward—and get the minister or priest, or somebody belonging to the church, interested in them and helping them to get back. This in my view is far better than leaving a man to his own devices on release. If a man feels that when he has served half his sentence someone will be interested in his case he has a great deal to look forward to and encourage him while he is in prison. Of course, it is not possible to get a man out until he has served half his sentence, at least that is my experience. It is only in special cases when something has gone wrong in the courts that there can be earlier release on parole. But when a man has served half his sentence, if someone is interested he can begin to have some hope. The real aim, in every case, is to help these men and women to measure up and become good Christians in practice.

Mr. Macdonald (Vancouver-Kingsway): Mr. Chairman, I should like to say a few words concerning judicial appointments. This is a matter of concern in British Columbia at the present time as we have vacancies in our hard working supreme court, which is the trial division, as well as on the court of appeal. In addition, notice has been given that this parliament will be asked to provide for two additional judges on the court of appeal of British Columbia. It is important if we are to have a strong, independent, imaginative judiciary that we attract the best people possible to this field of public service.

I begin by expressing the hope that the minister will not rule out candidates for the judiciary because they have taken part in party politics. Perhaps I should add that this is not a bid on my own part for a seat on the bench. I much prefer to take part in a fight rather than to preside over one. But politics is not a dirty word and should continue to attract in increasing measure many of those professional people who may later prove to be the best possible material for the judiciary. If their politics have been open, rather than of the back room strategy kind, so much more to their credit. The point is that the minister should draw upon all sources, regardless of what politics have been involved in the past, in order to get the best men. Just because we have a Conservative government should not mean that candidates for the judiciary must have had past Conservative leanings.

Then, too, judicial appointments should reflect the recommendations of the bar association of the province. Not that these recommendations should be considered binding, in my view, but the government should consult with these associations through their proper officers and give their recommendations most careful consideration. After all, working lawyers should have the best possible means of knowing who would and who would not make a good judge.

There is another point, however. While a judge may have had a political past it is important not only that he abandon politics on his elevation to the bench but that he should not have or seem to have a political future. Many of us regret the loss through resignation in the last few weeks of the services of the chief justice of British Columbia. Mr. Sloan made a noteworthy contribution as chief justice of the province. However, his services were bid for by the provincial government on a very handsome scale. The offer accepted was a ten-year contract with the provincial government at $50,000 a year for services which still remain rather vague.

We lose judges on occasion when they resign to go into private practice or into private business. That is one thing; but I deplore the action of a government in bidding for the services of prominent judges for work which, in this case, has inevitable political undertones. Indeed, it has even been suggested that the provincial government in this case was looking for a disinfectant for some of the political meat that has been allowed to rot in the attorney general's refrigerator. I therefore express the hope that this matter of bidding for the services of judges will not become a common practice because in a subtle but nonetheless marked manner it is bound to affect and undermine the strength and independence of the judiciary.

Mr. Winch: Mr. Chairman, I should like to take this opportunity to continue with my previous remarks which will be of a brief nature and follow up what I had to say concerning the illicit narcotics situation in Canada. On occasion we read in the newspapers of the excellent work being done by

the undercover men of the Royal Canadian Mounted Police and by local law enforcement officers in running down drug addicts and peddlers but it does not appear to have any visible effect in decreasing the traffic in drugs or improving the situation. As a matter of fact I have discussed this matter on more than one occasion with the law enforcement officers of the city of Vancouver. I have told them that I have known of a certain location in Vancouver where drug peddling is taking place and they have confirmed that I was correct. I then asked, "Why do you not step in and stop it?" The answer has been, "Because at that spot we know where to pick up the men we want to apprehend." This is not a healthy situation in my view.

Some 18 months ago a committee of the other place investigated the illicit narcotics situation and made a report with which I do not agree. As a matter of fact I think it was a stupid report. To the best of my knowledge the report has never been considered or discussed. The point I wish to emphasize and again draw to the attention of the minister is that we can say what we like about what is called the English system but nevertheless the facts are conclusive that in the United Kingdom, Israel, the Scandinavian and other countries where they recognize drug addiction as a sickness and register and treat addicts, and in cases where they cannot be cured allow the addicts to have the minimum dosage legally according to a physician's prescription, there is no narcotics problem. I have only to refer you, Mr. Chairman, and hon. members of this committee and the minister to the report of the United Nations committee to verify what I have said.

Why can we not face up to the situation in Canada and do something about the fact that, to the best of my knowledge, ours is the only country with a population of 16 million that has 5,000 drug addicts. Speaking of countries on this side of the iron curtain, because I have no knowledge of the situation on the other side, the majority of countries handle the problem in a practical, medical and scientific manner.

I want to repeat my position with regard to this matter because I have been misquoted on previous occasions. So far as those who peddle drugs are concerned the harshest penalty is not too harsh in my view excluding sentence of death, but with regard to addicts let us approach the problem from the standpoint of health, treating them as sick people rather than as criminals. My own experience has proven that if addicts are treated in that manner they can be rehabilitated and become useful citizens.

I should like now to refer to the Fauteux report. I have long been interested in the question of penology. I agree completely with the statement made by the Fauteux commission that we have to place more emphasis on correction and less on punitive sentences. The longer we delay in taking this action the more it will cost the taxpayers in keeping criminals in jail and the longer we will withhold making socially useful members of society of those who were previously antisocial. I was most interested in those sections of the report that dealt with the young offender and was particularly interested in the recommendation to the effect that judges should have a pre-sentence report and that probation should be given a high priority even before a sentence to jail. I admit that this is a very complex question. I wish to draw to the attention of the Minister of Justice section 32 of the report which says:

> If it is not possible to implement these recommendations, or most of them, within the next two or three years, amendments should be made immediately to the Ticket of Leave Act as suggested in chapter VII of this report.

The two years are not yet over, because the report is dated April 30, 1956. I would draw the minister's attention to section 32, which apparently the commissioner and his colleagues felt to be of such importance that they said:

> If it is not possible to implement these recommendations, or most of them, within the next two or three years, amendments should be made immediately to the Ticket of Leave Act as suggested in chapter VII of this report.

That has to do with the question of ticket of leave and parole. I would ask that the minister give this his attention. I could go on. This is a subject that is dear to my heart because I believe a great deal of good work can be done; but I think I have said enough to indicate to the minister what I have in mind. Perhaps for the first time he can give us the policy outlook of himself and his government and some assurance as to when he contemplates some action of a combined federal-provincial nature and in particular, sir, action on those things that come completely within the purview of the federal government. I hope he will take action on a federal basis in the near future if he is here.

Hon. E. D. Fulton (Minister of Justice): Mr. Chairman, first of all I would like to say how very much I am aware of and how very deeply I appreciate the fact that I am here tonight introducing the estimates of the Department of Justice for the first time as Minister of Justice. I want to take this occasion to express to my colleagues in the committee my appreciation of the very kind remarks they have made to me, both privately and publicly, on

the occasion of my appointment, and to tell them that I am fully aware of the fact that I follow a long line of most distinguished Canadians in what I regard as the finest appointment in the parliament of Canada.

In the office in the Justice building in which I carry on my work there hangs a photograph of the first minister of justice of Canada, Sir John A. Macdonald, and the long line of distinguished ministers carries on down through a list of names which are part of the warp and woof of Canadian history. Amongst them are members of both major parties, and not far from the end of the present line is the photograph of the honorary life president of the Canadian bar association, the Leader of the Opposition.

I know, sir, that I am not particularly called upon—and I am not capable of doing so if I were called upon—to say too much on this occasion but I find it appropriate, and I feel it appropriate, and I think my colleagues will feel it appropriate, if I pay tribute to a great lawyer and a great Canadian who retires shortly from his role as leader of his party and thus from the role of one who has contributed most actively and most splendidly to the public life of Canada.

It is in a consciousness of the tradition that I follow that I am grateful to my colleagues for the kind things they have said about me and the support they have given me in the role to which I have been summoned. I realize that there will come a time, there is bound to come a time, when controversy will, shall I say, displace the kind things that have been said but that is part of the life of parliament.

Mr. Knowles (Winnipeg North Centre): The minister would like it that way, no doubt.

Mr. Fulton: But tonight I am introducing the estimates of the department and I should like to deal as best I can with the points which have been made by the speakers who have spoken in a general way on the first item. Perhaps the hon. member for Vancouver East will forgive me if I reply to him in rather general terms on the basis that we can have a detailed discussion on the particular items when we reach them.

His main concern was with two subjects, namely the implementation of the Fauteux report and the question of reforms in the realm of the enforcement of the narcotic laws. My hon. friend found it a matter of criticism—I do not in any way resent his criticism—that no meetings had been held between representatives of this department and the attorneys general of the provinces or their representatives since this government had taken office. It is true that there has been no formal meeting, but I can tell him that there were informal discussions with most of the attorneys general at the meeting of the Canadian bar association in Banff in September of last year, at which time I outlined in general terms, as I have outlined to the house since then, the method of procedure which we felt should be followed in connection with the Fauteux report.

The hon. member did refer to the fact that a meeting had been held in Ottawa in November, 1956, between the senior officials of the federal and provincial governments. I do not wish to make any disparaging remarks, but perhaps I can best summarize the situation by saying that nothing much was done between that meeting in November and the election which took place in June last year. After all, I am sure he will realize that the attention of the ministers of the previous government was engaged for some months prior to the actual date of the election upon the election campaign, and in that atmosphere it is probable that meetings for this purpose were not very easy to arrange.

However that may be, we found that when we took office there was nothing very concrete at hand in the department by way of proposals for the implementation of the report. Therefore, we in the department were faced with the necessity of deciding upon our course of action with regard to the problems with which the report confronted us. It seemed to me that the best and most sensible method of approach would be for us to make an assessment of the physical and financial implications involved in the Fauteux committee's recommendations because they are many and they are far-reaching; and that, having made that assessment, I would then seek from my colleagues in the government approval in principle of a method of approach. Having obtained that approval, I would then meet with the attorneys general of the provinces, or with their representatives, and ask them for their views as to whether the outline which we had been able to work out was acceptable or whether they wanted to modify it, and, if so, in what particulars.

We have therefore, been working in the department. We have assigned an officer to work exclusively on the recommendations of the Fauteux committee. I expect within a matter of a week or so to be able to lay before my colleagues in cabinet a report with recommendations as to what it seems we should do, and what we can do, with regard to the implementation of the Fauteux report, both in fields which are at present exclusively federal responsibility and fields which are joint responsibility. Having, as I say, obtained that approval in principle, then we would meet with the attorneys general of the provinces.

This approach has been communicated to the provincial representatives and they have indicated to me that they are in general agreement that that will be a sound and sensible method of approaching the problem. In the meantime, however, I quite agree with the hon. member, and with others who have spoken to me and written to me, that there are certain areas in what is presently the field of exclusive federal responsibility in which the Fauteux commission makes recommendations and in which we may proceed to implement some of those recommendations. Although we have not yet had a meeting, I am able to assure my hon. friend and the house that we have taken action on an appreciable number of these subjects.

For instance, one recommendation of the committee is that there is a great need for the immediate expansion of the regional services of the remission service. I should say, incidentally, that this is a matter entirely within the responsibility of this government and this parliament. I am glad to be able to report that in line with this recommendation we opened regional offices in Winnipeg, Toronto and Moncton in April of last year. A further office was opened in Kingston in July. Offices had previously been established at Montreal and Vanouver.

Another recommendation was that as soon as possible a system of automatic parole review should be instituted for Canada. I may say that this was a recommendation to which my hon. friend attached considerable importance. It was recommended that this automatic parole review should be instituted thereby dispensing with the system for requiring applications for parole. A system of automatic parole review has been started in three out of the eight Canadian penitentiaries. The system of automatic parole procedure that has been developed in respect of the inmates at these three institutions will, as quickly as circumstances permit, be extended to the remaining penitentiaries.

Another recommendation was that the annual conference of after-care agencies and government services should be continued in the future. Arrangements are being made for the holding of such a conference on a regional basis early in 1958.

Another recommendation was that parliament should give serious consideration to the abolition of the power of the courts to suspend the passing of sentence and the enactment of legislation to authorize probation without conviction. This is another of the steps referred to by my friend.

Mr. Winch: You have not moved on that one?

Mr. Fulton: I shall come to that in a moment. Another recommendation was that the provisions of the criminal law that authorize imprisonment in default of payment of fines by persons who are unable to pay them should be repealed and that no distinction should be made in the law as far as time for payment of fines is concerned between indictable offences and summary conviction offences. My hon. friend went on to deal with a number of other recommendations of the commission involving changes in the system of administration of penitentiaries which would necessitate changes in the Criminal Code itself. The last recommendation to which I have just referred is one of those.

Again, while we have not had a meeting, we have been working on this matter in the department. I have before me now a number of specific recommendations for consideration involving, if they are approved, amendments to the criminal law, many of them arising out of the recommendations of the Fauteux commission. There are, I should think, some 15 or 20 of these recommendations which it has not been possible to deal with at this session, but which it is my hope we will be able to deal with or we will be able to incorporate into a bill to amend the Criminal Code which will be presented to parliament at its next session.

In these ways, Mr. Chairman, I can assure my hon. friend that although we have not had this meeting with the attorneys general of the provinces we expect to have it within the reasonably near future. In the other fields where we have exclusive responsibility we have been taking the necessary action and making the necessary study to be able to lay before parliament a comprehensive program with regard to the implementation of the Fauteux commission recommendation. We cannot do that at this session. These are a few specific things we can do, but action on many of the recommendations will have to wait probably until the next session.

My hon. friend referred to the question of narcotics and the problems of narcotic drugs. He referred to a report of the United Nations committee in which it is stated that there are some 5,000 addicts in Canada. No one can be happy that there are 5,000 addicts in Canada, whether or not those facts are accurate. The fact that we have this number of addicts, as compared with other countries with larger populations, is not a matter about which any person or any government or anybody in authority can be happy. My colleague, the Minister of National Health and Welfare, and I have had some preliminary discussions already. There are a number of conflicting views. The hon. member for Vancouver East, has said that he does not agree

with the report of the Senate committee. There have been other reports on this matter and other parties disagree with those reports. It is going to take some considerable time to try to sift through and analyse the different opinions that have been expressed by experts in the field and arrive at the best course of action to deal with this very pressing problem.

Mr. Winch: Are you going to do something?

Mr. Fulton: We are working on it now. My hon. friend has expressed the view that one approach might be to proceed against the peddlers and treat the addicts. I must confess that on the face of it that makes commonsense to me as a basis of approach, to punish most severely those who make a profit out of distributing and selling drugs and try to do something to treat and rehabilitate those who have been victimized by those terrible people who are prepared to make a profit out of the depravity of their fellow Canadians. I can assure my hon. friend we are just as seized with the importance of the subject as he is. If I seem to make excuses it is not because I am trying to hide behind the difficulty but because I want to assure him and the committee that when we move on it we want to move on a sound basis. That is the only reason we have not yet moved, because we are trying to study this problem and arrive at the best method of procedure.

I was grateful indeed to the tribute paid by the hon. member for Fort William to the staff of the remission service. In the short time that I have been serving as minister of this department I have found that there is no department of government better served than the Department of Justice. I want to pay my tribute to that department, and through them to all the civil servants with whom I have had the privilege of coming in contact in my capacity as minister since my appointment on June 21.

I can assure the hon. member for Vancouver-Kingsway that we will bear in mind the principles which he has suggested we should follow in the matter of judicial appointments.

Mr. Christian: At this time, Mr. Chairman, I should like to extend my personal congratulations to the Minister of Justice upon his appointment, and his further appointment as Acting Minister of Citizenship and Immigration. The hon. member for Vancouver-Kingsway spoke in the house this evening and mentioned that the selection of judges should be on a non-partisan basis. With that statement of fact I should like to agree with him.

But I say that it was very unfair of the hon. member to mention that there was a political undertone in so far as the appointment of the Hon. Mr. Justice Sloan as the forestry chief in the province of British Columbia is concerned. Many of us know that Mr. Justice Sloan was in politics a Liberal and that fact certainly negatives any idea that there was a political undertone to his appointment. I would say that the Social Credit government in British Columbia made an excellent choice in picking him for the position he now holds. The Hon. Mr. Justice Sloan is recognized as one of the ablest men in western Canada if not in the whole of Canada. As far as I am personally concerned, I feel that the choice was a most excellent one. The Social Credit government of British Columbia did not draw any political line whatsoever. It went out to get the best man to serve a specific need in the province of British Columbia and the choice was a good one.

An hon. Member: What has that to do with the estimates of the Department of Justice?

Mr. Christian: It has a great deal to do with them. This issue was raised in the House of Commons. The hon. member for Vancouver-Kingsway brought this matter before the house and I am going to see that the statement is not unchallenged. I would also like to say this. I should like the Minister of Justice to give the following matter consideration. Many people say that the Hon. Mr. Justice Sloan is being paid $50,000 a year and that the amount is excessive. It is not the sum of $50,000 that is the important thing. The important thing is what the hon. gentleman takes home at the end of each and every month. Hon. members know what taxation is in this country today. They know that he takes home only a portion of that total amount.

In so far as our supreme court and county court judges in Canada today, are concerned, my understanding is that our supreme court judges are paid the sum of $16,900 a year and that our county court judges are paid $10,500. If we wish to have the finest legal brains in our country grace the bench and contribute their services to the public an inducement must be offered to attract those men to honourable positions in the country. I personally feel that our supreme court judges and our county court judges are not paid sufficient remuneration at the present time. It is my opinion that the amount they receive annually should be increased.

I read in the paper recently that the Hon. Mr. Justice Clyne, formerly of the supreme court of British Columbia has resigned in order to go into a field of business or economic activity. It could be the fact—although I am not saying that it is—that he will receive

greater financial reward elsewhere. I think as Canadians we should remember that our courts in this country are the last vestige of freedom. My opinion is that our judges should be paid a reasonable and proper amount. They are well worth it. I realize how hard these men work from day to day and the great responsibilities they assume.

Mr. Howard: I should like to make a comment or two in support of some of the remarks that have already been made about some of the activities under the jurisdiction of the Minister of Justice. They also have to do with drug addiction. I raise these matters, not in order to delay the progress of these estimates under this minister's department but in order to add a little bit of extra weight, if I can do so, to the comments already expressed by the hon. member for Vancouver East with respect to people who are addicted to drugs.

In my opinion the general public have a great misconception about people who are drug addicts. Until such time as we can overcome some of that misconception in the minds of the general public and probably in the minds of some of the members of this house I am convinced we shall have less chance of approaching the question of drug addiction in a sensible manner. There are probably five or six people who are at present members of the House of Commons who could be in possession of narcotics, and it would be perfectly all right. There is nothing illegal about that. They could not be convicted of possession as might many other individuals. I am referring to members of the legal profession.

Mr. Lesage: You mean the medical profession.

Mr. Howard: I mean the medical profession. I have some thoughts about the members of the legal profession but I expect I should not express them. It is perfectly all right for doctors to be in possession of narcotics and in fact is all right for some of them to be addicts, if they so desire, and maybe some of them are. I do not know. Certainly statistics show that in England there are medical doctors who are addicted to morphine and some of the other drugs. Here in Canada they can be addicted also. Yet society does not look down on them and the Opium and Narcotic Drug Act does not say that, because they are addicts they should be hauled up in court charged with possession and, if found guilty, sentenced to so many years in the penitentiary.

A number of people also have the misconception that people who are drug addicts are depraved in some way, that their mental faculties are affected to the point where they must go out and steal, and that they are not fully in control of their abilities and of their mental faculties. To people who have that thought I think we should attempt to point out that it is a misconception. While I have been in public affairs for only a short period of time, nevertheless I have also taken an interest in drug addiction and in other related questions. I used to work out of an office which was situated on the corner of Hastings and Carroll streets in Vancouver and which, as the Minister of Justice will know as will others from Vancouver, is very close to a central hang-out of drug addicts, people who peddle drugs and push them and other people in the underworld. It is only about a block from there.

I have visited a couple of penal institutions under the jurisdiction of the federal government and have come to know a few people who are drug addicts. I have come to know them, although not personally or intimately, and have spoken to them about their addiction to drugs. All of them have substantially the same opinion and the same attitude. These people are addicted to drugs just in the same way as others might be addicted to alcohol or to nicotine. It is an addiction. The craving which they have, of course, is more serious and more compelling with narcotics than it is with nicotine or with alcohol.

When these people enter a penal institution, whether it be a provincial jail such as that at Oakalla or whether it be a federal penitentiary, they are given absolutely no assistance, guidance or treatment except that they are removed from the drug itself; they are not able to obtain drugs. As soon as they get back out again they still have a desire for it because of some psychological quirk or some glandular deficiency or some other reason. There is disagreement as to why people become drug addicts. But because they have this desire inside them, back they go to find out if they can get hold of some drugs again and back they are to addiction. So they enter a life of crime again, They have to shoplift, steal, break and enter, hold up, break into doctors' cars and elsewhere in order to get either the money to buy drugs on the illegal market or get the drugs themselves from whatever source they can get them. This is where they run into difficulty in more cases than by being in actual possession of the drugs.

I do hope that—I take the minister at his word—the study that is being given will be a deliberate and conscious study which will attempt to show to some of the other places in the world—and there are relatively few of them with an enlightened attitude towards

drug addicts and some program of treatment for them—that we also have an enlightened approach. I also hope, as I suspect has been the case in past years with some of the law enforcement officers, that we will not be guided by the attitude of the officials in the United States with respect to drug addiction. I understand there is a pretty fierce, backward and cruel approach there to people who are addicted to drugs and that we are following along somewhat the same lines which so far has solved nothing.

I have one or two instances I would like to give to the minister but he will probably want to indicate that these might more easily be dealt with under specific items. One of them relates to the public relations, or I should say the lack of them, of members of the Royal Canadian Mounted Police. It appears that in many cases officers of the R.C.M.P., many of them who are very youthful and in fact I understand there are some under the age of 21—

Mr. Fulton: The hon. member has invited my comment as to whether the subject to which he wishes to refer could be more properly dealt with elsewhere and I wonder if I could suggest to him that he wait until we reach item 396 under Royal Canadian Mounted Police on page 68 of the estimates.

Mr. Howard: Yes, it is very kind of the minister to indicate that. I do not know whether he would suggest that I should bring up the other item under some other vote, but it deals with the attitude of the courts. This is of course, under provincial jurisdiction in some cases because it relates more to magistrates court than to any others, but I have reference to the attitude of the courts and the chances which a native Indian gets in court when he is charged with almost anything. I know, having lived in an area where there are many native Indians for quite a while now, that many of them are not too conversant with the English language. I am sure the minister is aware of this fact but if there is a question asked with which they are not too familiar or if that question entails something they do not understand, their general reaction is to say "yes". I think anyone who knows anything about native Indians will agree that if they do not understand you they will say yes anyway and it takes a terrific amount of questioning or even cross-examination before you get to the real facts of the case—even when it is a matter for the Indian affairs branch—and to sift through all these "yesses" thrown at you.

An hon. Member: What do you suggest should be done?

[Mr. Howard.]

Mr. Howard: The solution would be to convince him to say, "no", I expect, or to plead not guilty to start with.

Mr. Knowles (Winnipeg North Centre): He would probably say yes.

Mr. Howard: Whether the solution is a simple one which could be given in a few sentences is problematical but since the matter has been pin-pointed perhaps the minister will say it could be more properly dealt with under the Indian affairs branch, so that provision could be made to give the native Indian some sort of legal advice through that branch to ensure that his rights under our laws are protected to the fullest extent and to see that he gets the fairest possible treatment from the courts.

Mr. Fulton: I think in so far as this is a legal matter at all, it does fall under provincial jurisdiction and in so far as it is one dealing specifically with the administration of justice in the provinces, that should be dealt with in the same way. In so far as the question of the training of Indians and the protection of Indians when they get into courts is concerned it does to some extent fall under federal jurisdiction, but there it would come under the Department of Citizenship and Immigration, the estimates of which department I will be dealing with later.

I might just point out here that in capital cases the invariable practice is to provide Indians with legal assistance of the nature to which the hon. gentleman has referred.

Mr. Howard: I might add, Mr. Chairman, that these problems arise more particularly in magistrates' courts which are—

Mr. Fulton: Which are provincial courts exclusively.

Mr. Howard: No, I beg to differ—they are kangaroo courts.

Mr. McIvor: I would like to ask a question of the Minister of Justice. When a man who has slipped a bit has been confined, are you in favour of giving him consideration by cancelling part of his sentence if he shows signs of making good?

Mr. Fulton: I think about the only answer I can give the hon. member is that I am very impressed with the work of the remission service. The principle upon which that service operates is that wherever the facts of the case indicate a prisoner can be successfully rehabilitated if discharged they go to work on such a basis. I am in full accord with that principle. Sometimes it does seem to some of us that they could work a little faster. On the other hand there are a great

many factors to be considered and in general I believe they work on a pretty sound basis.

Mr. McIvor: Thank you.

Mr. Winch: Is the minister discussing now the remission branch or does he wish us to wait until item 173?

Mr. Fulton: If it suits the convenience of hon. members to move to item 173 that is perfectly satisfactory to me.

Mr. Stewart (Winnipeg North): Mr. Chairman, I am afraid it does not suit my convenience just now unless the minister can tell me that I am not dealing with that part of the estimates where the question I have in mind could be asked. I am faced with another difficulty. I wish the minister would occupy some other dual position than that of Minister of Justice and that of Minister of Citizenship and Immigration because I have questions in mind which may deal with both of those positions.

First of all, I want to bring the minister back to a question I asked last November about one Per Holting, a Canadian citizen who boarded a S.A.S. aircraft in Greenland, having purchased a ticket from there through to Los Angeles and when the plane touched down in Winnipeg, got off the plane. I agree that according to the ticket Mr. Holting should have gone right through to Los Angeles and I suppose it was part of the contract between Mr. Holting and S.A.S. that he should do so.

Nevertheless this Canadian citizen, having got off the plane at Winnipeg, decided he would like to break his journey permanently at that point. In an answer the minister gave to me he said that the police of St. James, at the request of the captain of the aircraft, literally had Mr. Holting put back on that plane, and I suppose it would have been done —no matter how gently—nevertheless forcibly.

I would like to know if it is possible for a Canadian citizen to be deported from this country in such a way and, if so, under what law? This man was sent out of his country. Here again there is the question as to whether this should come under the Department of Justice or under the Department of Citizenship and Immigration, but I think there is an element of law in this matter, and I would like to know what the Minister has to say about what I call the deportation of Mr. Holting, a word which I gathered was disagreed with previously. The fact remains that a Canadian citizen was deported, sent out of this country by police officers, acting, I have no doubt, honestly. Nevertheless he was sent out of this country to another land and had to find his way back. I should like to find out under what law this man was exiled from Canada.

Mr. Fulton: Mr. Chairman, I think that part of the hon. gentleman's question might better be asked on the estimates of the Department of Transport which is responsible for questions arising under these international air agreements, and under which the particular air line in question was prohibited from allowing a passenger to deplane in Winnipeg.

Mr. Nicholson: Or the Department of External Affairs.

Mr. Fulton: I might almost say any department other than my own. I do assure the hon. gentleman that this department is not responsible in this matter at all. Mr. Holting was not arrested—perhaps I should say interfered with—by federal police; he was not interfered with by any officers of the Department of Citizenship and Immigration. Representations that were made to any authorities were made by the air line officials who were seeking to discharge the terms under which they were given the right to land in Winnipeg. The police involved in the case were, I believe, the St. James municipal police. Mr. Holting suffered himself to be led back to the plane, and went on to Los Angeles, and while I understand the apprehension and dissatisfaction felt by the hon. member I think that in the circumstances I must take the position, in dealing with the estimates of the Department of Justice, that there is nothing here for me to answer.

Mr. Stewart (Winnipeg North): But is this not a matter which should be the concern of the Minister of Justice. Is it possible that under our system of law in this country a Canadian can be deported from Canada? Is there not a principle here? A Canadian lands here and surely, if he decided to stay, it would be the duty of the S.A.S. to take action against him and to do it properly through the courts. Is there not a violation of law here? What does the Minister of Justice have to say about that?

Mr. Fulton: I think that if Mr. Holting feels that he was improperly treated a remedy would be open to him by way of whatever action he may see fit to take against those by whom he feels he was improperly treated. I do not think as Minister of Justice I should be drawn into expressing an opinion beyond the general statement I have made. The difficulty under which I labour is that as a private citizen I might be as much concerned about the situation as is the hon. member, but the moment I say something here as Minister

of Justice I might be taken as expressing an official opinion that Mr. Holting should or should not follow a certain course of action.

Mr. Stewart (Winnipeg North): If I should direct a question to the minister in his capacity as Minister of Citizenship and Immigration will I get the same answer, or will I get a fuller answer?

Mr. Fulton: That would depend entirely on the question which the hon. gentleman asks.

Mr. Christian: Mr. Chairman, I wish to ask a question with regard to item 172. I notice that the increase in this item is approximately $9,000. Would the minister like to report on what progress has been made in Canada in so far as uniformity of legislation is concerned.

Mr. Fulton: The increase of $9,497 is for the entire departmental administration, whereas the amount voted to the Commissioners with respect to promoting uniformity of legislation is only $200, which is the amount actually expended this year. Their meeting took place in Calgary in September just prior to the meeting of the Canadian Bar Association.

Mr. Christian: What progress has been made in so far as uniformity of legislation is concerned?

Mr. Fulton: This is a matter which is largely of concern to the provinces. What is sought in these meetings is to bring legislation and legal practices in the various provinces into conformity as far as is possible. Our interest as I understand it, is more a watching interest than a direct interest because of course when we legislate we legislate for the whole dominion.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I ask the minister a question which, as he knows, has been directed to a number of his colleagues on the first item of their estimates. Is he making any reductions in the estimates of his department for this year, and has he found any examples of waste or extravagance?

Mr. Fulton: Mr. Chairman, I propose to move three reductions in the estimates, one in the combines branch—and I assure the hon. member that it does not represent any diminution in the work of that branch—one in the penitentiaries and one in the Royal Canadian Mounted Police. In so far as the other part of the question is concerned, that is to waste and extravagance, I do not recall that when I sat on that side of the house I ever made any allegations of waste and extravagance against this particular department.

Mr. Howard: Mr. Chairman, I wonder whether, if this government gets down to attempting to bring the labour laws of Canada into conformity, that will be done under the system for promoting conformity of legislation dealt with in item 172.

Mr. Fulton: I imagine that the discussion of labour legislation could take place at the meetings to which reference has been made, but it would be more likely to take place at a conference of labour ministers or deputy labour ministers, and I understand that such conferences do take place from time to time.

Mr. Knowles (Winnipeg North Centre): Does the uniformity referred to under this heading mean uniformity as to the substance of legislation or just uniformity as to the form?

Mr. Fulton: I am not sure I heard the hon. member's question fully, but the sort of topic that would be discussed would be uniformity of highway legislation, uniformity with regard to bill of sale acts, mechanics liens acts and subjects of that nature. I am not sure whether that answers the hon. gentleman's question.

Mr. Knowles (Winnipeg North Centre): In part. If I may repeat my question, I asked whether what was sought was uniformity as to substance or uniformity as to form.

Mr. Fulton: The answer would be both.

Mr. Knowles (Winnipeg North Centre): What is it that limits the type of subjects that are considered? The field that has been mentioned is rather narrow.

Mr. Fulton: As I understand it there would be no limitations as to the type of subject. The subjects covered would be those suggested from time to time in correspondence between the various attorneys general. The hon. gentleman will recall that a couple of years ago we had extended discussions here on highways legislation; and it might be that as a result of such discussions it would be suggested to the committee that the highway codes of the various provinces should be discussed at the conference. There is I understand no limitation on the headings of legislation which might be discussed at the conference.

Mr. Hahn: Mr. Chairman, on page 241 respecting the details of this particular item I notice that the bulk of the $9,497 increase

this year over last year results from an increase of salaries to the civil servants or to those responsible for administration. I note, too, that there are listed on that page an estimated 108 employees for 1957-58 as compared with 109 last year. I am not taking any exception to the increase in salaries, but I am wondering whether these 108 jobs are all filled at one time, or what percentage of them are ever filled.

Mr. Fulton: Mr. Chairman, in this department we have a staff turnover problem just as any other department of government or indeed any business employing a comparable number of personnel would have. The desire of the department and the effort of the administrators of the department is directed toward keeping the positions filled in so far as it is possible to do so because the efficient functioning of the department depends upon keeping the positions manned to as full an extent as possible.

Mr. Hahn: Just by way of example, Mr. Chairman, we are estimating this year that we shall have three deputy assistants to the Minister of Justice at a salary of $15,000. We provided for three last year and I am wondering if we have the three each year. Did we have three last year? When did we last have three?

Mr. Fulton: Mr. Chairman, the answer to that question is mainly that up until May of 1957 Mr. F. P. Varcoe, Q.C. was deputy minister of justice. He then retired and Mr. W. R. Jackett, Q.C. who sits in front of me here was appointed deputy minister. Prior to his appointment we had three assistant deputy ministers. We now have only two and I am informed that in next year's estimates we will only have establishment for two assistant deputy ministers.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I ask the minister one question of detail. Reference was made earlier this evening to the resignation from the bench of Mr. Justice Sloan. Can the minister say whether the pension which the governor in council may grant to a judge on retirement has been granted to Mr. Sloan for the period when he will be doing this other job at $50,000 a year?

Mr. Fulton: Mr. Chairman, no pension has as yet been granted to retired Chief Justice Sloan. The matter is by way of correspondence before me for consideration and I would not care to go further at the moment.

Item agreed to.

173. Remission service, including $40,000 for grants to recognized prisoners' aid societies, as may be approved by treasury board, $267,835.

Mr. Winch: Mr. Chairman, the minister has stated that he is going to move for reduction of a couple of items but he did not mention this one and I am very glad he did not. As a matter of fact, although it is now only a matter of a few months before the estimates run out I want to say something on behalf of the remission service and express the hope that the minister, if not now at least in the future, will greatly increase the budget of this service.

It has been my experience since I came to Ottawa as the result of the election in 1953 to have to take up a number of cases with the remission service. I would direct the attention of the hon. members to the amount of money allocated to this branch. Quite bluntly, I must say I do not think the remission service can possibly do the job it is supposed to do or would want to do on this budget. It is the responsibility of the service to make up all the necessary documents for submission to the Solicitor General for the report to the governor general in council with regard to any person who is sentenced to death for homicide and who appeals the sentence. That is automatic. I also understand that those who have their death sentence commuted to life imprisonment have their sentence reviewed by the service after 12 years. There is also an automatic review in the case of all those who are committed to penitentiaries as habitual criminals or psychopaths. I believe this is done every three years after a definite period. The remission service also has to deal, if not on an automatic basis at least on request, with the question of appeals for parole and ticket of leave of every person in Canada who has been given a sentence of two years or more.

I am sorry that I do not have the record here of the number of cases the remission service is supposed to review on a complete and honest basis and on which it must make recommendations as to whether or not a parole should be granted. I notice that in the present estimates from the administrative viewpoint there is a staff increase of only three. As I said I know that the estimates will have run out in about two months but as one who has had considerable experience with the remission service I want to say that I believe they would be the first to admit that they are completely overworked. They do not have adequate staff to handle cases to the extent they should. I sincerely hope that the minister will see to it that there is a substantial increase in the estimates for this service in line with the recommendation of the Fauteux report in order to place the

service on the basis outlined in that report and also, I believe, in line with the thinking of the Minister of Justice.

Mr. Fulton: Mr. Chairman, I am glad to have the advice of the hon. member. The increase this year as against the year before is not three but nine or nearly 20 per cent over last year.

Mr. Winch: It is only three in the estimates.

Mr. Fulton: It has increased from 46 to 55.

Mr. Winch: I am speaking about the administrative aspect. I am not including stenographers or others who are not involved in making decisions or doing research.

Mr. Fulton: If you confine it to the administrative staff I am sure the percentage increase is even greater. I am glad to be able to assure my hon. friend that I expect to have before me within the next two weeks recommendations from the department with regard to the institution of a parole board along the lines of the recommendation of the Fauteux commission report which, of course, is all bound up with this report of the remission service. The matter of staff and the function and position of the board will be considered at the same time that that other matter is being considered.

Mr. Winch: I sincerely hope that when the change is being made the director of the remission service will be allocated to the job of directing the service only and will not have to take on any additional responsibilities.

Mr. Christian: Mr. Chairman, I should like to ask a question with regard to item No. 173. I notice that the sum of $40,000 is mentioned in there as grants to recognized prisoners' aid societies, an increase of $10,000 over last year. Then, if we turn to item No. 182 on page 36 the sum of $60,000 is mentioned for grants to recognized prisoners' aid societies which has been increased from the sum of $50,000 allocated last year. I recognize the good work that these societies are doing but I would like an explanation as to the increase and as to why these two items are separated one under the heading "Penitentiaries" and one under "Department".

Mr. Fulton: As to the increase in item No. 182 perhaps the hon. gentleman would permit me to wait until we reach that item under "Penitentiaries" before dealing with it. Under item No. 173, the hon. gentleman will appreciate that these prisoners' aid societies do a great deal of the supervisory and reporting work on the prisoners released on parole or ticket of leave. As I announced earlier, we have established additional regional offices and it is the increases arising from such developments which account for the increased work which is being undertaken for the department by these prisoners' aid societies. The hon. member will also agree—I think I am correct in saying this—that this is in line with the recommendation of the Fauteux committee that we should make every use possible of recognized prisoners' aid societies.

Mr. Hahn: Will the minister indicate why we have two items?

Mr. Fulton: I am sure the hon. member will appreciate that the prisoners aid societies do work while the prisoner is in the penitentiary at which time provision is made by the penitentiaries branch and after he leaves the penitentiary at which time provision is made under this item.

Item agreed to.

Exchequer Court of Canada—

175. Administration, $108,760.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, this item has to do with the administration of the Exchequer Court of Canada. Has the minister yet had time, with all the other responsibilities that are his since he is in charge of two departments, to give consideration to the idea that we have proposed in this house on a number of occasions, namely that the exchequer court might be asked to take on the handling of those divorces which are now being dealt with by parliament. Some of us are aware of the fact, although I was not personally involved, that 20 or 30 members of the House of Commons spent the greater part of this day hearing one divorce case. The information about that hearing that has been communicated to me makes me feel, as I am sure the minister does, that that is hardly the business for which members of parliament are elected. I am fully aware of the feelings that are aroused when one mentions this matter. I am aware of the arguments that are proposed against the suggestion that we have made. It does seem to me, however, that it is a way of getting divorces out of parliament and yet at the same time not establishing a divorce court in either of those provinces where it is not wanted.

As far as I am concerned, any alternative suggestion that would be better or more practicable would be equally welcomed. I wonder whether the minister, together with his officials, has given any consideration to this matter. If not, would he put it on his agenda?

Mr. Fulton: Yes, I have to confess to the hon. gentleman that it will be more a case of putting it on the agenda than being able

to report much progress. It seems to me the problem is, to use the word in its broader sense, more a political one than an administrative one and therefore I hesitate somewhat to put any onus on the department. I can only report that I have had some preliminary discussion with the Speaker of the other place, but I am not able to report that we have made much progress. I am as uneasy about the situation as is my hon. friend and I shall continue to try to work something out.

Mr. Knowles (Winnipeg North Centre): Knowing the readiness of my hon. friend to pursue matters about which he is uneasy, these words of his are very welcome.

Item agreed to.

Combines Investigation Act—

179. Restrictive trade practices commission, $79,465.

Mr. Knowles (Winnipeg North Centre): Can the minister make a statement to the committee on what has been happening under the Combines Investigation Act since the new government came into office? Can he tell us how many investigations have been made in the last number of months? Can he tell us how many reports have been made? Can he tell us how many prosecutions have been launched? Can he tell us whether the new government plans any changes in the administration or the policies with respect to the effort to avoid the development of monopolies in this country? Perhaps the minister might prefer to call it ten o'clock and start afresh tomorrow morning.

Mr. Fulton: I might hope we could carry the item tonight if I make a brief statement.

Mr. Knowles (Winnipeg North Centre): I think the subject calls for more than one minute. I remember once when it took several weeks.

Mr. Fulton: Perhaps we might call it ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, I would like to ask the leader of the house what the business is for tomorrow and Saturday and I would also like to couple that with a request to him to tell us what the business will be on Tuesday, Wednesday and Thursday of next week. The leader of the house knows that the Liberal convention to select a leader for our party will be held on those three days and it would be extremely useful for us to know at this time what the order of business will be on those three days.

Mr. Green: Mr. Speaker, I am afraid the hon. member must not expect me to be a star gazer quite that far away. The business tomorrow will be the continuation of the estimates of justice and then fisheries and national revenue. On Saturday we shall continue with estimates. I am hoping that Monday will be a government day. There will be a notice of motion in *Votes and Proceedings* tomorrow dealing with Monday and I expect we shall have legislation on Monday and Tuesday but I cannot go any farther than that at the present time.

Mr. Chevrier: Is the house leader not able to say what will be taken up on Tuesday and Wednesday?

Mr. Green: No, I cannot say that far ahead, Mr. Speaker. I will let the hon. member know just as soon as I can.

Mr. Low: I was just wondering, Mr. Speaker, whether I might make a suggestion to the house leader. Everybody knows how important to the Liberals the coming convention is. Some of us may not think it is too important. They are shy. I never saw such a shy bunch of fellows in my life. Otherwise, I think they would have made a request for time off. Since they are shy, I do not mind suggesting, Mr. Speaker, that it does not hurt to be a bit chivalrous sometimes. I would suggest to the house leader that he give consideration to adjourning the house during the Liberal convention. I should like to see how they carry on, and perhaps get a pointer or two. I would strongly suggest that the house leader give consideration to that suggestion. I might just assure him that my group would be quite prepared to support him if he will propose that the house adjourn for the duration of the convention. We should go down and see for ourselves what effect the first epistle to the Babylonians is going to have. I do suggest, Mr. Speaker, that the house leader give that careful consideration.

Mr. Green: Mr. Speaker, these Liberals are not as shy as they seem tonight. There will be a motion on *Votes and Proceedings* tomorrow that will deal with the times during which we shall request the house to adjourn next week.

Mr. Chevrier: Would the leader tell us at this time what the contents of the motion will be?

Mr. Green: If the hon. member will just possess himself in patience until tomorrow

morning I think he will see the times that are stated. I rather suspect that he knows already.

Mr. Chevrier: May I ask the house leader whether, in considering the estimates of the Department of National Revenue, at the same time we will be considering the estimates of the Canadian Broadcasting Corporation?

Mr. Green: Yes, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): May I suggest to the house leader that since he has informed the house tonight of the terms of one motion that is to appear in tomorrow's *Votes and Proceedings,* namely the one that takes away the last Monday which would be a private members' day, he would not be violating the British North America Act or the laws of the Medes and Persians if he were to tell us the terms of the motion having to do with the days or nights we might not be sitting next week. I suggest, Mr. Speaker, with great respect for my hon. friend, that he could tell us in advance a little more about what is coming than has been his practice thus far this session. In other words, may I suggest to the Minister of Public Works that he loosen up a little bit.

Mr. Green: Mr. Speaker, the hon. member for Winnipeg North Centre is unusually persuasive this evening. However, I believe that he, too, knows just as much about these hours as the hon. member for Laurier.

Mr. Knowles (Winnipeg North Centre): Would the minister like the member for Laurier and me to tell him what the plans are?

Mr. Hardie: As a private member, may I say let us have them.

MISCELLANEOUS PRIVATE BILLS

EIGHTH REPORT OF STANDING COMMITTEE

Mr. C. E. Rea (Spadina): Mr. Speaker, I should like to ask leave of the house to revert to routine proceedings for the purpose of presenting a report from the standing committee on miscellaneous private bills.

Mr. Speaker: Has the hon. member leave?

Some hon. Members: Agreed.

Mr. Rea: I have the honour to present the eighth report of the standing committee on miscellaneous private bills.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PIPE LINES DISPOSAL, YUKON TERRITORY

Question No. 92—**Mr. Lesage:**

1. Have the 2 inch, 3 inch and 4 inch pipe lines in the Yukon been disposed of?
2. If not, what progress has been made in the negotiations with the United States government on the subject?
3. If so, how have they been disposed of and under what conditions?

Answer by: **Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources):**

1. No.

Questions

2. Progress is being made in the negotiations with the United States government and it is hoped that a satisfactory agreement for the transfer of title to these pipe lines from the United States to Canada will be reached shortly.

3. Not applicable.

WHEAT STORAGE, WEST COAST TERMINALS

Question No. 317—**Mr. Smith (Battle River-Camrose):**

1. How much space in terms of bushels of wheat was available in the Alberta wheat pools, Vancouver terminal, at the end of November, 1957, and at the end of December, 1957?
2. How much space in terms of bushels of wheat was available in all other west coast terminals at the end of the above-mentioned months?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

	(1) Alberta wheat pool terminal	(2) All Pacific coast terminals
Rated capacity	7,300,000 bushels	23,900,000 bushels
Estimated working capacity (a)	5,475,000 bushels	17,900,000 bushels
Available space on basic working capacity—		
November 27, 1957	1,141,000 bushels	5,035,000 bushels
December 31, 1957	1,075,000 bushels	3,723,000 bushels

(a) Estimate of maximum capacity during operating season to ensure full operating efficiency.

[The following items were passed in committee of supply]:

DEPARTMENT OF JUSTICE

A—Department—

172. Departmental administration including annual contribution of $200 to the conference of commissioners on uniformity of legislation in Canada. $543,155.

173. Remission service, including $40,000 for grants to recognized prisoners' aid societies, as may be approved by treasury board, $267,835.

174. Administration, $203,440.

175. Administration, $108,760.

Northwest Territories territorial court—

176. Administration, including administration of justice—Northwest Territories, $93,800.

Yukon territorial court—

177. Administration, including administration of justice—Yukon territory, $85,650.

Other courts—

178. Payments of gratuities to the widows or other dependents of judges who die while in office, $20,000.

HOUSE OF COMMONS

Friday, January 10, 1958

The house met at eleven o'clock.

HEALTH INSURANCE

STATEMENT ON AMENDMENT TO HOSPITAL INSURANCE AND DIAGNOSTIC SERVICES ACT

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I wish to announce to the house that the government intends to introduce an amendment to the Hospital Insurance and Diagnostic Services Act during the next session of parliament to repeal section 6 (2) of the act, which deals with conditions relating to the start of the shared program. This section reads as follows:

> No contributions shall be paid under this act until at least six provinces, containing at least one-half of the population of Canada, have entered into an agreement and the provincial law in relation to those provinces is in force.

It is of course necessary to specify the time at which federal contributions can be made. Therefore a new section will be proposed which will permit any province that has signed an agreement with the federal government and has a provincial law in force to receive federal contributions on or after July 1, 1958.

This amendment will accomplish two purposes:

1. It establishes an effective date for the start of the program, and

2. The start of the program in any one province will no longer be dependent upon the action in at least five other provinces.

This announcement will allow the provinces concerned to plan their budgets now being or about to be considered, without any uncertainty as to the federal government's stand in this regard. I am confident that at least three or four of our provinces will try to be ready by July 1, 1958, and that most, if not all, of the remainder of the provinces will soon have plans in operation.

Some hon. Members: Hear, hear.

Hon. Paul Martin (Essex East): Mr. Speaker, I think the house and the country will welcome this announcement by the Minister of National Health and Welfare, particularly in view of the fact that although now more than six months have passed since the government came to power, no agreements have been signed with any of the provinces. This kind of action, as my hon. friend well knows, is very necessary in order to permit provinces like Ontario to proceed with their plans.

I would now ask the minister if he does not propose to make any announcement about the government's intention, pursuant to its election pledges, of including tuberculosis and mental illness, without any strings attached such as those laid down by the Prime Minister at the dominion-provincial conference, when he said the government was prepared to include these particular provisions but that any moneys paid out by the federal government, namely a total of $68 million, would have to be deducted from any further fiscal grants made by the federal government to the provinces.

Mr. Fleming: He did not say that.

Mr. Diefenbaker: No.

Mr. Monteith: The Prime Minister at the dominion-provincial conference did make an announcement, but I may say we are not prepared at this moment to make any further announcement in that respect.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I say that although we too would like to see action in the matter of including tubercular and mental cases within the provisions of this act, the only word we wish to say at this moment is that we welcome the announcement the minister has made today.

Mr. Pickersgill: I would like to ask the minister a question for the purpose of clarification—

Mr. Speaker: Order. I think we have followed a very salutary practice after a minister's statement has been made on motions of hearing from only one representative of each group in the house, and of reserving other questions until the question period.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. If I heard him correctly he said this amendment he referred to would be introduced at the next session of parliament. Is it not true that he previously informed us that it would be introduced at this session of parliament?

Mr. Monteith: Yes, Mr. Speaker. I think I had intimated that we were going to attempt to have the amendment proposed at this session, but we find now that this will not be possible.

Mr. Pickersgill: Mr. Speaker, I should like to ask the minister if in view of the state of balance of the parties in this house it is not a rather arrogant assumption on the part of the government to assume that this is any assurance to the provinces that something will be done in the next session?

Some hon. Members: Oh, oh.

Mr. Pickersgill: Apparently the government considers parliament of no importance.

Mr. Speaker: Order. That is rather in the nature of an assertion than a question, and is not in order at this stage.

Mr. Fleming: An untrue assertion.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, would the minister not regard it as reasonable to assume that any government in power in the next few months would make that amendment?

Mr. Monteith: Why yes, of course, Mr. Speaker.

FINANCE

ANNOUNCEMENT OF OVERSUBSCRIPTION OF $300 MILLION CANADIAN NATIONAL RAILWAYS BOND ISSUE

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, yesterday at five p.m. the books were opened on an issue of $300 million of C.N.R. bonds guaranteed by the Canadian government. This is the largest bond issue in the history of the Canadian National Railways. I am happy to report that the issue was heavily oversubscribed and the books were closed immediately. Fractional allotments are now being made against the subscriptions.

This firm expression of public confidence in Canada's financial strength is deeply gratifying and I am sure it will also be pleasing to all members of this house.

REQUEST FOR PROVISION OF LOAN FUND FOR SMALL BUSINESSES

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, may I direct a question to the Prime Minister. In view of the declaration made by the Prime Minister at Brockville on May 8, 1957, in favour of granting loans to small business, and also in view of the deplorable situation in which small manufacturers and small retailers actually find themselves, my question is this. Is it true that the government has decided at last to grant loans to small business?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I dealt with this matter in reply to a question yesterday. I think my hon. friend was not in the house at the time. If he will look at *Hansard* he will see the answer.

[*Later:*]

Mr. LaCroix: May I direct a question to the Minister of Finance. I understood from the answer given yesterday in connection with granting loans to small businesses that a decision had not yet been reached so far as government policy is concerned. May I ask the minister if we may expect a decision soon?

Mr. Fleming: Mr. Speaker, I think my answer yesterday was full and complete. Whenever there is anything further to announce my hon. friend may be sure it will be announced in the house in the regular and proper manner.

REPORTED DECREASE IN COST OF LIVING INDEX

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to direct a question to the Minister of Finance. Is the minister prepared to say whether the slight reduction in the cost of living index recently is the result of government policy?

Mr. Speaker: I do not think the hon. member seriously puts that question forward for information, but rather to draw attention to it.

CRIMINAL CODE

AMENDMENT TO IMPLEMENT RECOMMENDATIONS OF JOINT PARLIAMENTARY COMMITTEE

Mr. Harold E. Winch (Vancouver East) moved for leave to introduce Bill No. 245, to amend the Criminal Code (corporal punishment).

Some hon. Members: Explain.

Mr. Winch: Mr. Speaker, the purpose of this bill is to carry into statutory effect the recommendation of the joint committee of the Senate and the House of Commons dealing with corporal punishment, that corporal punishment should no longer be part of a judicial sentence in Canada. To do this would require a number of amendments to the Criminal Code, and that is the purpose of this bill.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

INQUIRY AS TO LETTERS FROM PREMIER BULGANIN

On the orders of the day:

Hon. L. B. Pearson (Algoma East): Mr. Speaker, I should like to ask the Prime Minister whether he has received a letter from Premier Bulganin of the Soviet union and, if so, what action the government proposes to take with regard to it.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, about 9.30 this morning I had delivered to me a rather lengthy note from Marshal Bulganin, chairman of the council of ministers of the U.S.S.R. It comprises some 29 pages, and having regard to the fact that there was a cabinet meeting this morning I am sure the hon. member will appreciate that there has been no time as yet to do more than peruse the note. It will be considered during the week end, and I hope to be in a position at the beginning of the week to have something to say in this regard.

Mr. Pearson: Mr. Speaker, may I ask if not a supplementary question at least a related question, and ask the Prime Minister how he is getting along with the earlier note of Mr. Bulganin which arrived early in December.

Mr. Diefenbaker: I am sure, Mr. Speaker, the hon. gentleman is fully informed in that regard. The question as to the nature of the replies of the various NATO nations was considered on Wednesday by the council in Paris. Consideration as to particulars, and also as to the general purport of the answers, is being continued when the council reopens this afternoon.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, apparently two further notes have been received. Was there not a note received after the statement issued following the meeting of the supreme soviet of the U.S.S.R. in December, containing the seven points which have been widely publicized? As far as my reading goes I understand that these seven points were also sent to the government. It seems that there are three communications. Has the government dealt with any of those three? Was one addressed to the government or to parliament? What is the situation regarding the seven points passed at the meeting of the supreme soviet in, I think, December?

Mr. Diefenbaker: Mr. Speaker, my information is that there were just the two notes, and in addition there was a note of felicitation to Canadians in general as of January 1.

Inquiries of the Ministry

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask a supplementary question in view of the reply given a few moments ago about the NATO meeting, in answer to a question put by the hon. member for Algoma East. The Prime Minister will recall that a few days ago, some time before Christmas, I asked if the reply would be collective or by individual countries, and the Prime Minister replied that it would be by individual countries. Are we now to understand that the reply will be a collective one, or is this meeting taking place at NATO simply to enable countries to be better informed of the position of each other, and the replies will be individual?

Mr. Diefenbaker: Mr. Speaker, there is no incongruity in the two answers. The position of affairs is this. If necessary, in co-operation we desire to have some degree of uniformity, while maintaining the right of each to reply as it will.

COLOMBO PLAN—PURCHASE OF WHEAT BY MEMBER COUNTRIES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce relating to grain shipped to Colombo plan countries, following the announcement made in the house the other day. Would the minister say how early the grain can be moved and whether it can be moved through the Atlantic and eastern ports as one means of helping to equalize delivery quotas in western Canada and as a method of improving employment, since western facilities are now being extensively used?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, one of the reasons for making the announcement the other day was to expedite the movement of the wheat to India prior to the completion of the financial arrangements. Second, part of the understanding with India in taking the 400,000 tons that they are prepared to accept was that approximately half of that amount would be shipped out of Atlantic ports; and that movement will commence just as quickly as the Indian officials are able to make the necessary arrangements.

Mr. Argue: I wonder if I might ask the minister whether the agreement to take half through the Atlantic ports means that half will go through Vancouver, or may it be possible that an even larger proportion will go through the eastern facilities since the western facilities are now being used almost to capacity.

Mr. Churchill: That has been considered, but it cannot all be moved at once, and this early movement of the first half will be through the eastern ports.

CANADIAN NATIONAL RAILWAYS

REPORTED PRINTING OF PENSION CHEQUES IN U.S.

On the orders of the day:

Mr. Louis Lewry (Moose Jaw-Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of Transport and bring it to the special attention of the Minister of Finance as well. Is the minister aware of the fact that on a pension cheque stub of the Canadian National Railways which I have just sent over to him for examination there appears in very fine print the words "Printed in U.S.A."? Is it necessary for a Canadian public utility to have its employees' pension cheques printed outside of Canada?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I am not aware of why this particular pension cheque stub was printed in the United States, but I will make inquiries of the management of the Canadian National Railways and give an answer as soon as I receive one.

AIR TRANSPORT

INQUIRY AS TO NEGOTIATIONS RESPECTING CONTINUOUS TRANSIT

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of Transport. In answer to a question of mine last night about one Per Holting, a Canadian citizen who was forcibly evicted from Canada because he landed in Winnipeg from an S.A.S. plane, the Minister of Justice referred me to the Minister of Transport. Can the minister tell me if negotiations are under way with S.A.S. to obviate any other such incident?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I want to thank the hon. member for his courtesy in advising me of his intention to ask this question. I might say that no negotiations are under way at the present time, but a general review is to be undertaken of air transport agreements with foreign countries.

TELEVISION

MARITIME PROVINCES—INQUIRY AS TO COMMENCEMENT OF REGULAR MICROWAVE TRANSMISSION

On the orders of the day:

Mr. E. L. Morris (Halifax): Mr. Speaker, I should like to address a question to the Minister of National Revenue, notice of which I have given him. Can the minister now advise whether a firm date has been determined by the Canadian Broadcasting Corporation for the commencement of regular microwave relay television transmission over CBHT, Halifax?

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, the hon. member gave me notice of his intention to ask this question just as I came into the house. Speaking from memory, but I am reasonably certain that my memory is correct in this particular matter, I can say that arrangements have been made for the commencement of regular telecast programs over the station in question on February 2. The microwave connection will then have been finally tested, and barring some unexpected technical difficulties they will commence regular telecasts on February 2, and possibly even a short time before that.

Mr. Morris: May I ask a supplementary question?

Mr. Pickersgill: Can the minister tell us when they will commence in Newfoundland?

Mr. Morris: May I ask a supplementary question? In view of the minister's beneficence this morning, can he tell us whether the C.B.C. will also be requested to provide live television transmission of two early entertainments, the Liberal convention and the Durelle fight?

Mr. Pickersgill: That, of course, is not a frivolous question!

Mr. Nowlan: In view of the sporting nature of both the events and the matter which they have in common, arrangements have been made for the telecasting of those events although the microwave set-up will not have been completely and finally checked. It is obvious to all those who know this—certainly I did not until recently—the microwave installations are already in. They are being tested and checked every day. The Bell Telephone Company will not certify them as completely satisfactory until February 2; but barring the possibility of some technical difficulty the C.B.C. intend to use them for the telecasting of the Liberal convention next week and also for the fight which unfortunately has been postponed.

BUSINESS OF THE HOUSE

ATLANTIC PROVINCES—INTRODUCTION OF MEASURE PROVIDING GRANTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I might direct a question to the Prime Minister.

In view of the fact that the government is now announcing details of legislation for the next session, will the Prime Minister reconsider the answer he gave yesterday and tell the house whether the legislation making grants to the Atlantic provinces will make those grants for the current fiscal year or whether they will be available only for the next fiscal year. As I am sure the Prime Minister will appreciate, this is a matter of great importance to the Atlantic provinces.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think in the next two days the answer to my hon. friend's question will be not only apparent but complete.

MARITIME FREIGHT RATES

INQUIRY AS TO DATE OF REVISION OF ACT

On the orders of the day:

Mr. H. J. Murphy (Westmorland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Can the minister say when the Maritime Freight Rates Act will be revised to help Atlantic provinces producers sell their products in central Canada, as promised by him at College Bridge, New Brunswick, on May 28, 1957?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the hon. member well knows that matters of this kind are always under consideration by this government, whose whole aim is to do good for the people of this country.

AIRPORTS

PENTICTON, B.C.—REQUEST FOR EXTENSION OF RUNWAY

On the orders of the day:

Mr. F. C. Christian (Okanagan Boundary): Mr. Speaker, I should like to direct a question to the Minister of Transport, of which I have given him notice. In view of the fact that at Penticton traffic has increased considerably during the past year, and in view of the willingness of Canadian Pacific Airlines to fly larger aircraft into the Penticton airport in the near future, would the government, when it causes the airport runway to be strengthened next year, extend the present runway an additional 1,200 feet, thereby making the over-all length of same 7,200 feet?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for his courtesy in advising me of his intention to ask this question. This request will receive the usual study and consideration which requests of this kind always receive from my departmental officials.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. Would the same consideration be given to an application respecting Castlegar airport?

Mr. Hees: If one is received, Mr. Speaker.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—CONSIDERATION OF PUBLIC OWNERSHIP OF TRANS-CANADA PIPE LINES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Is the Borden commission on energy still free, in pursuance of its terms of reference as announced on October 15, to consider public ownership as one of the special measures that might be taken in relation to Trans-Canada Pipe Lines Limited in order to safeguard the interests of Canadian producers or consumers of gas, or has this possibility been closed out by the negative statement made by the Prime Minister yesterday?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the powers of the Borden commission are set forth in the order in council establishing that commission. Those powers comprise several sections and will be exercised by the commission in accordance with the application of the sections in question.

Mr. Knowles (Winnipeg North Centre): If the Borden commission recommends public ownership of Trans-Canada Pipe Lines Limited, will the government give consideration to that recommendation?

Mr. Speaker: Order. The hon. member for Winnipeg North Centre is too experienced in the practice of the house to expect an answer to a question as hypothetical as that.

Mr. Knowles (Winnipeg North Centre): Only because I know the Prime Minister.

NATIONAL DEFENCE

NUCLEAR WEAPONS—TRANSPORTATION BY AIRCRAFT OVER CANADA

On the orders of the day:

Mr. W. J. Henderson (Kingston): I wish to direct a question to the Minister of National Defence. Can he advise the house whether United States aircraft carry hydrogen and atomic bombs over Canada in moving to European and Alaskan bases?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I was asked a somewhat similar question on November 27 regarding the carriage of live bombs by United

States planes across Canadian territory. I pointed out at that time that United States aircraft carrying live bombs across Canada were required to obtain prior permission from the Minister of National Defence before such aircraft could fly with that type of bomb. The same thing would apply to nuclear bombs if the United States desired to transport any such weapons through Canadian air space.

There have been occasions when requests have been made for the passage of nuclear weapons, in which cases every precaution has been taken to see that these weapons are inactivated and that there is no danger to Canadian lives or property. I do not think it is advisable to draw a distinction between atomic and hydrogen bombs.

Mr. Henderson: I take it from the minister's answer that, with permission, hydrogen and atomic bombs have been carried across Canada.

Mr. Pearkes: I did not say that. I referred to nuclear weapons. I said it was undesirable to draw a distinction between atomic and hydrogen bombs.

Mr. Henderson: Then do I take it from the minister's answer that nuclear weapons have been carried across Canada by United States aircraft with the permission of the Canadian government?

Mr. Pearkes: That is correct.

Mr. Erhart Regier (Burnaby-Coquitlam): Is the minister aware that public statements have been made recently to the effect that, regardless of what precautions may be taken, an accident is possible?

Mr. Pearkes: I am not aware that an accident is possible. I do not believe it is probable because, as I said, every precaution is taken to inactivate these weapons before they are carried across Canadian territory. I am assured there is no risk to Canadian lives or property as the result of an accident occurring to aircraft carrying such weapons, which accident would be the direct result of the fact that such weapons were being carried by the aircraft.

Mr. H. W. Herridge (Kootenay West): I have a supplementary question. I hate to bother the minister, but can he give me a more definite explanation of the meaning of the word "undesirable" in the context in which he used it?

Mr. Pearkes: I beg the hon. member's pardon?

Mr. Herridge: The minister used the word "undesirable" in order to distinguish between this and that. Could he give a more definitive explanation of the meaning of the word "undesirable" in the way in which he used it?

[Mr. Pearkes.]

Mr. Pearkes: I do not know that I used the word "undesirable"; did I?

Mr. Herridge: Yes.

Mr. Pearkes: Oh, yes; undesirable to draw a distinction between the hydrogen and the atom bomb. I question whether it is desirable or in the public interest to define the difference between the hydrogen and the atom bomb in this connection.

[*Later:*]

Mr. Regier: Mr. Speaker, I wonder if the Minister of National Defence would care to amplify somewhat the statement he made when he referred to the permission that is being granted for the transport of nuclear weapons above Canadian territory. Is this permission being granted only for specific movements, or are any of those permits that are being given on a continuing basis? The strategic air command, we understand, has 1,000 planes in the air; and does the possibility exist that these nuclear weapons are in the air above us at all times?

I think the minister knows what I am after. Is it for the movement from one place to another on a particular day, or is there a continuing permit in effect?

Mr. Pearkes: Mr. Speaker, I think the short answer is that there is no blanket authority given. Every particular case makes application for the flight. There is no blanket or continuing authority at all. Each specific request is dealt with at the time.

AGRICULTURE

NORTHERN ALBERTA—REQUEST FOR ASSISTANCE FOLLOWING CROP LOSS

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to direct a question to the Minister of Agriculture. Can the minister now say whether, as a result of requests from the stricken area, the government of Canada has been able to find any way by which assistance can be given those in the Peace river country whose crops are a total loss? I am speaking now of assistance in addition to what can be extended to them under the Prairie Farm Assistance Act.

Hon. D. S. Harkness (Minister of Agriculture): As I think the hon. member is well aware, and as I have pointed out in letters to the minister of agriculture of Alberta, to boards of trade and so on, the matter of direct relief as far as the farmers in the Peace river district are concerned who have lost their crops is the primary responsibility of the municipalities and the provincial government of Alberta. As I have pointed out

in these letters, if the province of Alberta considers that a disaster has taken place which it is beyond their financial ability to handle, they then can make application to the dominion government in connection with the matter. But until we get an application of that kind from the government of Alberta we are in no position to move into that Peace river country with direct relief measures, and it is constitutionally improper for us to do so.

Mr. Low: Of course, Mr. Speaker, I should like the minister to know that I was not asking him to move into the Peace river country. My question was simply whether he had been able to find any means by which the federal government could grant additional assistance where it is so urgently required. That was the important thing.

Mr. Harkness: The only means by which we have been able to assist have already been taken, namely by the Prairie Farm Assistance Act measures and through increasing the quota so the grain which was harvested up there in a damp condition can be shipped out for drying. Also, of course, that means that the people up there who have grain have been able to deliver more than have people in other parts of the country.

EGGS—REPORTED PURCHASE BELOW FLOOR PRICE

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): I should like to direct a question to the Minister of Agriculture, and I am sure that members in all parts of the house welcome the minister back following his illness. My question is this Has the minister been advised that eggs are being purchased in the London district at below the floor price? If so, will the government purchase the surplus, as has been done in the past?

Hon. D. S. Harkness (Minister of Agriculture): I have not been advised of any circumstances of this kind. I shall have the matter looked into immediately. We are of course prepared, through the prices support board, to buy all eggs which are offered at the support price. In the period before Christmas we had bought a considerable number of eggs in western Canada, but the price of eggs in eastern Canada up to the end of December was above the support price and none had been offered to us. We are, of course, prepared to take all that are offered at the support price.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question. Can the minister explain why it is that at points in western Canada this situation prevails? I am referring now to Rosetown, from which I had a letter a few days ago stating that eggs in the neighbourhood were being turned in at 20 cents and 25 cents a dozen. How can that occur if we have a proper floor price?

Mr. Harkness: Without knowing the exact circumstances I could not say exactly what is the answer to that particular question. But in most cases the answer is that the eggs referred to are not grade A large eggs. They may be grade B eggs or they may be grade A medium or they may be some other grade of eggs. There is quite a price differential between grade A large eggs which are at the support price of 38 cents and these other eggs.

Mr. H. R. Argue (Assiniboia): I have a supplementary question. I wonder whether the minister has given any consideration to changing the act in order to require the packing companies and others by law to pay not less than the floor price as set out in government policy?

Mr. Harkness: I do not think that is a matter of changing the act. Certainly I am taking every means possible to insure that those dealers who offer eggs to us in the support board have paid the proper price to the farmers. In any case I can discover in which the farmer has not been paid the proper price, we will not purchase the eggs from the dealer at the support price.

GRAIN

WESTERN CANADA—ALLOCATION OF BOX CARS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Trade and Commerce. Can the minister give the house the assurance that progress is being made with respect to the allocation of box cars and shipping orders in western Canada so that as we come to the end of the crop year there will be more justice and equality in the distribution of box cars and shipping orders among western farmers?

Hon. Gordon Churchill (Minister of Trade and Commerce): In reply to that question, which also contains an opinion, I would say the answer is yes.

Mr. H. A. Bryson (Humboldt-Melfort): I have a supplementary question. As a result of the many complaints with regard to the shortage of box cars at C.P.R. points in western Canada, has the minister brought this problem to the attention of the company in an attempt to correct this serious and unsatisfactory condition?

Mr. Churchill: If that is the case, it will be done.

Mr. McCullough: I have a supplementary question. Can the minister give the house the number of points that are still on the initial quota and the one-bushel quota in western Canada?

Mr. Churchill: That appears to me to be more a question for the order paper than one for an oral answer.

Mr. McCullough: I would like to direct another question to the Minister of Trade and Commerce. Can the minister give assurance that at the end of this crop year some plan will be undertaken and assurance given that in cases where there is not a proper distribution of box cars or shipping orders so as to equalize the quotas, special circumstances will be taken into consideration so this year quotas will be allocated on an equitable basis?

Mr. Churchill: Mr. Speaker, I am very glad the hon. member recognizes the fact that at the end of the crop year, which is July 31, this government will be in power or will have been returned to power, and his suggestion with regard to box cars will be given very serious consideration.

WHEAT—INQUIRY AS TO INTERIM PAYMENT ON 1956-57 CROP

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. It arises out of a very grave financial crisis prevalent in the prairie provinces amongst grain producers. Can the minister say whether the interim payment on the 1956-57 wheat crop will be made at an early date?

Hon. Gordon Churchill (Minister of Trade and Commerce): That question is important to the farming community in the prairie provinces. I can assure the hon. member that it is under consideration.

Mr. Argue: Can the minister give them some indication as to whether or not payment will be made within a few days or a few weeks? I think the matter has some urgency.

Mr. Churchill: It has some urgency, but I am not in a position today to say just what the date will be.

TRADE

FISH—U.S. RESTRICTIONS ON CANADIAN IMPORTS

On the orders of the day:

Mr. H. J. Murphy (Westmorland): I should like to address a question to the Prime Minister. In view of the Prime Minister's statement accusing the former federal government of not being strong enough in resisting the efforts of United States politicians to have United States imports of Canadian fish restricted, can he tell the house what representations are being made by this government in the matter and how they are being made?

Right Hon. J. G. Diefenbaker (Prime Minister): That question has been answered on a number of occasions in recent days, respecting the attitude on the part of the United States in connection with importations, and I have nothing further to add.

WHEAT—PROVISION OF CREDIT FOR POLAND AND SPAIN

On the orders of the day:

Mr. Peter Stefura (Vegreville): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Have negotiations been completed for the sale of wheat to Spain and Poland, or are they still continuing?

Hon. Gordon Churchill (Minister of Trade and Commerce): The negotiations have not been completed, Mr. Speaker.

REPORTED DECISION TO INCREASE DIVERSION TO UNITED KINGDOM

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I wish to direct a question to the Prime Minister. Is it the intention of the government to endeavour to divert more than 15 per cent of Canadian purchases in the United States to the United Kingdom, as was reported in yesterday's press by one of the members of the Canadian trade mission to Britain?

Mr. Speaker: I do not know what the minister to whom this question is addressed thinks of the question, but it seems to me it is hardly one that can be dealt with on the orders of the day.

An hon. Member: Why not?

IMMIGRATION

ALFONZE BARDOS—REPORTED REFUSAL TO GRANT CITIZENSHIP

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Justice whether he is in a position to answer the question asked yesterday by the hon. member for Vancouver East?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): I am not aware of the question to which the hon. member refers.

Mr. Pickersgill: The Minister of Transport undertook to draw it to the minister's attention.

Mr. Fulton: The Minister of Justice was in the house yesterday. No; I beg the hon. member's pardon. I was attending a Senate committee during question period.

Mr. Pickersgill: Perhaps if the hon. gentleman would look at page 3055 of *Hansard*—

Mr. Fulton: Perhaps the hon. gentleman will tell me what the question is, since he displays such great interest in it.

Mr. Pickersgill: It is a rather long question, sir, but it relates to the application for citizenship of Alfonze Bardos, about which the *Globe and Mail* complained in the same kind of terms in which it used to complain when I was minister.

Mr. Fulton: Now I understand the reason for the hon. gentleman's interest in this matter.

Mr. Pickersgill: It is more than just natural curiosity—

Mr. Fulton: The hon. gentleman has asked a question. I do not know whether he merely wanted to get his question on the record or whether he really wanted an answer. If he is interested in the answer he might give me an opportunity to reply.

Mr. Pickersgill: I shall be delighted.

Mr. Fulton: It has always been felt in cases such as this that it would not be in the public interest or even in the interest of the individual concerned to reveal the details of the reasons for rejection.

Some hon. Members: We have heard that before.

Mr. Fulton: The whole policy regarding rejection and the refusal of information is under review, so I am not able to say anything more at this stage.

Mr. Marler: A reasonable facsimile of other statements.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR CURRENT STATISTICS

On the orders of the day:

Hon. Paul Martin (Essex East): I would like to ask the Minister of Labour, as the statistics usually given out from government departments as to the number of applicants for unemployment insurance are now delayed, if he is yet in a position to tell the house what are the actual registrations and what are the alleged unemployment figures? If my hon. friend is not in a position to do that today I would understand, because I have not given him notice; but I do think there is considerable delay in giving this information.

Mr. Fleming: Order. Are these statements?

Hon. Michael Starr (Minister of Labour): In answer to the hon. member's question I should say this, that the latest figures for registrations at the unemployment insurance offices across Canada, as of December 26, total 698,153. Of course the hon. member will understand that is not a true picture of unemployment in Canada. The latter figure is compiled by the dominion bureau of statistics and is expected to be issued, for the month of December, somewhere in the middle of January.

Mr. Martin (Essex East): May I ask a supplementary question. These figures are as of December 10?

Mr. Starr: December 26.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask the minister if he has the figure for December 26 last year, or a date approximately in that neighbourhood?

Mr. Martin (Essex East): About half.

Mr. Coldwell: Because 698,000 seems a very large figure indeed.

Mr. Starr: Yes, Mr. Speaker. The figure I gave a moment ago to the hon. member for Essex East compares with the figure for December 27, 1956, which was 387,327. I wish to point out, however, that there are fishermen added this year who were not eligible for unemployment insurance last year.

An hon. Member: They were unemployed just the same.

Mr. Argue: 300,000 of them?

Mr. Starr: And there are also larger registrations in respect of married women because of the regulations being revoked. In addition there is also seasonal unemployment.

Mr. Sinclair: And of course the Tory government is in power.

Mr. Starr: Also, Mr. Speaker, there is the extension of seasonal benefits from December 1 to May 15 where ordinarily they would not get on the rolls until January 1.

Mr. Pickersgill: I would like to ask a supplementary question. Would the minister tell us how many fishermen are registered?

Mr. Starr: No, Mr. Speaker, I have not those figures; they have not been compiled.

Mr. Pickersgill: Would the minister get the figures?

Mr. C. E. Johnston (Bow River): May I direct a supplementary question to the Minister of Labour. He may not have the figures available and may want to wait until tomorrow to give a full answer. A while ago he stated there were some 698,000 unemployed. Could he tell us of that number how many have exhausted their unemployment assistance and, although they are still now unemployed, are now receiving no unemployment assistance?

Mr. Starr: Mr. Speaker, the figure I quoted of 698,153 applies to those who are registered for unemployment insurance. I have no other figures available but, as I pointed out earlier, the dominion bureau of statistics figure which gives you these particulars as to who are unemployed and seeking work will be out some time during the middle of January for the period between November and December.

TRANS-CANADA PIPE LINE—INVESTIGATION OF WALK-OUT EAST OF PORT ARTHUR

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, may I direct a question to the Minister of Labour. Can the minister tell us what barriers, if any, prevent action being taken by his department in the walk-out affecting 500 men on the trans-Canada pipe line, a situation which has been going on for one week?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the walk-out is not in accordance with the collective bargaining agreement between the union and the employers. Consequently, because of that fact the federal government cannot interfere in this walk-out, and the matter must be settled between the employer and employees in accordance with the collective agreement.

Mr. Fisher: If either of the parties affected, the contractors or the contracting union, should appeal to the Minister of Labour for conciliation, could he intervene?

Mr. Speaker: That is purely hypothetical, I suggest, and we might pass on to a more definite question.

[*Later:*]

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Minister of Labour supplementary to the question asked by the hon. member for Port Arthur with regard to the strike on the trans-Canada pipe line. Is the minister aware that the collective agreement to which he referred has a basic wage rate 27 cents an hour lower than the basic rates in the area where the people are working.

Mr. Speaker: I understood the minister to say that the matter is not one within his jurisdiction and responsibility, and it seems to me that unless he has other views the question is not in order.

[*Later:*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask a question supplementary to the one asked by the hon. member for Port Arthur on this matter. Is it not true that these contracts are yellow dog contracts that were signed in this particular case, and is it not also true that the offices of the Minister of Labour are used and will be used to conciliate matters between employees and employers to facilitate the completion of that slashing job in that particular area?

Mr. Starr: Mr. Speaker, the facilities of the labour department come into being upon request when there is a dispute between an employer and employees in the negotiation of a contract, but in this case there is a collective agreement which has not run out. It is in force, and the strike is illegal.

REPORTED REFUSAL OF FARM WORK BY UNEMPLOYED

On the orders of the day:

Right Hon. J. G. Gardiner (Melville): May I direct a question to the Minister of Labour. Was the statement which was put out by the farm forum early in the week correct, to the effect that some 900 persons had applied for positions in Toronto and a number of them were offered farm jobs but none of these offers were accepted? If that is the condition which prevails in Toronto or elsewhere, has the government any plans to deal with it, because there is a shortage of labour on farms. Why cannot this labour be obtained?

Hon. Michael Starr (Minister of Labour): I am glad to receive this information from the hon. gentleman, because I was not aware of it. Now that the matter has been brought to my attention I will look into it to see what are the circumstances.

INCOME TAX

INQUIRY AS TO CANADIAN PROTEST AGAINST UNITED STATES ACTION

On the orders of the day:

Mr. Solon E. Low (Peace River): I would like to direct a question to the Minister of National Revenue, and I want to assure him that I have no desire at all to put him on

the spot. However, an answer to this question on the record would be most useful all around.

Officials of the United States tax department in Washington have been making the claim that the government is unconcerned about the efforts of the tax department in the United States to impose income tax on a purely Canadian company. Is this claim correct?

Hon. G. C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer is no.

REQUEST FOR EXTENSION OF DEDUCTIONS TO FARM WORKERS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the shortage of farm labour and widespread unemployment, can the minister say whether or not in the administration of the changes in the Income Tax Act allowing for deduction of the cost of living while away from domicile for construction workers, this provision will be applied to farm workers? The minister will readily see the discrimination—

Mr. Speaker: Order. The hon. member has completed his question, and I would ask him not to engage in argument.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the government has no power to exceed the terms of legislation enacted by parliament. The amendment to which my hon. friend refers and which was given effect from January 1, 1957, applies to construction workers. This matter was fully discussed in committee of the whole on clause 1 of the bill.

Mr. McCullough: A supplementary question then, Mr. Speaker. Would farm workers who partially at least are construction workers, in a sense, be classified as coming within the jurisdiction of the amendment?

Mr. Fleming: Mr. Speaker, if they are construction workers they will qualify.

HIGHWAYS

MACKENZIE HIGHWAY, N.W.T.—STATEMENT ON REQUEST FOR USE OF LOCAL EQUIPMENT AND MANPOWER

On the orders of the day:

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, two days ago the hon. member for Mackenzie River (Mr. Hardie) raised a question in the house and then he changed the wording of that question yesterday. I should now like to give him the answer.

When I answered yes to the first part of the hon. member's question in the reply I gave on Wednesday I had understood him to refer to clearing rather than completion. My answer therefore still holds good and is a correct answer for the question as it was amended yesterday morning. I should perhaps mention, however, that the tenders have been called by the Department of Public Works which will be supervising the work on behalf of my department.

In so far as the second part of the hon. member's question is concerned, I might explain that there are three projects which make up our special program for northern winter employment. One of these in the Fort Smith area will provide employment for about 65 men, and will be carried out by my department. All employees will be recruited locally, and local departmental equipment will be used.

The other two projects, employing in total some 300 men, will be supervised by the Department of Public Works. Full consultation is now going on with the Department of Labour, and it is expected that a substantial number of positions will be filled locally. In any event, arrangements are being made to use local labour and local equipment to the full extent practicable. The two projects in question are the clearing work on the Fort Providence to Rae section of the Mackenzie highway at an estimated cost of $500,000, and clearing work on the Peace Point-West Boundary road in Wood Buffalo park at an estimated cost of $475,000.

Mr. Lesage: May I ask the minister if there are not some large forestry operations going on south of the Fort Smith area, in Wood Buffalo park?

Mr. Hamilton (Qu'Appelle): If the hon. member is referring to the timber operations at Wood Buffalo park, yes; they are going on at full speed. I might say, Mr. Speaker, that the provinces are reacting very favourably to our winter work program, and I hope to be able to make an announcement very shortly on this matter which I hope will be of interest to the house.

PUBLIC BUILDINGS

HULL, QUE.—REQUEST FOR DEMOLITION WORK TO BE UNDERTAKEN

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I wish to address a question to the Minister of Public Works. On January 9 the city of Hull passed a resolution, following one of

July 23, asking for the demolition of a building at the corner of Maisonneuve and Reboul streets which has been expropriated. Could the minister tell us when the work of demolition will begin, because the city has some projects to carry out around this corner?

Hon. Howard C. Green (Minister of Public Works): I will take the question as notice.

INDUSTRIAL RELATIONS

INQUIRY AS TO REMOVAL OF SECTION 55 OF ACT

On the orders of the day:

Mr. Claude Ellis (Regina City): Mr. Speaker, I should like to ask the Secretary of State when we may expect an announcement of government policy with regard to the removal of section 55 of the Industrial Relations and Disputes Investigation Act.

Hon. Ellen L. Fairclough (Secretary of State): Mr. Speaker, this is part of the problem under consideration now about which I spoke when the estimates of my department were before the committee. The survey which is being undertaken by the civil service commission and by the government has not as yet reached the stage where a decision can be made.

UNEMPLOYMENT ASSISTANCE

INQUIRY AS TO CONCLUSION OF AGREEMENTS WITH PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the minister of health and welfare if the government has yet reached an agreement with the government of Ontario about unemployment assistance.

Hon. J. W. Monteith (Minister of National Health and Welfare): Yes, Mr. Speaker.

Mr. Pickersgill: And has agreement been reached with the other three provinces which did not have agreements? What is the position of the negotiations?

Mr. Monteith: There has been an indication as far as Nova Scotia is concerned that that province is considering entering.

UNEMPLOYMENT INSURANCE

METHOD OF MAKING APPLICATION BY MAIL

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to direct a question to the Minister of Labour. In recent weeks there have been deposited in some post offices envelopes containing information as to how applicants for unemployment insurance may make their claims by mail. Is it the intention of the department to extend the circulation of these letters to all post offices where mail order claims are made?

Some hon. Members: Order.

Hon. Michael Starr (Minister of Labour): I am afraid, Mr. Speaker, I did not hear all the hon. member's question. I wonder if he would mind repeating it.

Mr. Harkness: It was not a question.

Mr. Speaker: Order. I suggest that perhaps the hon. member might put it on the order paper, unless he feels it is necessary or urgent to have an answer today. We have spent considerable time on questions.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO SHARING OF TAX REVENUES

On the orders of the day:

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, may I direct a question to the Prime Minister or perhaps to the Minister of Finance, who may be better informed on the question.

Mr. Churchill: Withdraw. He would not be better informed, but the question may more properly be directed to him.

Mr. LaCroix: In view of the declaration made at the last dominion-provincial conference, and in view of the wishes expressed by the different provincial governments and their anxiety to secure an answer, my question is this. Is it true that the government has decided at last what share of the tax dollar will be received by the provinces and the municipalities?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, whenever a decision is reached on that matter and it is proper to make it public it will certainly be made public in the house at the time if the house is sitting. These are all matters that are under discussion in the course of the proceedings of the dominion-provincial conference, as I think my hon. friend realizes.

SUPPLY

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

DEPARTMENT OF JUSTICE

Combines Investigation Act—

179. Restrictive trade practices commission, $79,465.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, is the minister prepared this morning to give us a rather comprehensive statement on the work of the combines investigation branch?

Mr. Fulton: Mr. Chairman, the details of this item are found at page 249. I do not suppose the hon. member wishes me merely to review the composition of the branch. As far as its activities are concerned I can give the following information. As of January 10, that is today, there are 21 inquiries under way which compare with a total of 20 as of March 31, 1957, 17 on March 31, 1956, 14 on March 31, 1955, 13 on March 31, 1954, 14 on March 31, 1953 and eight on March 31, 1952. It will therefore be seen that the number of inquiries under way is approximately the same as last year and that there has been a small annual increase in the number of inquiries handled and in the activities of this branch.

At the present time there are two prosecutions in progress and there are also two cases in which reports have been received from the commission and to which consideration is now being given as to whether or not prosecution should be ordered. There is one case in the hands of counsel for prosecution.

Mr. Winch: Mr. Chairman, would the minister care to give any indication to the committee as to whether careful consideration is being given to a revision of the penalties under the act? I have noted on more than one occasion that judges who are trying those who have been charged under the act have expressed regret at not having the power to impose penalties which they thought the offences justified.

We have the most recent illustration which indicated that the case prepared by the combines investigation branch was so thorough that the firms engaged in the control of roofing material in Canada pleaded guilty. They not only pleaded guilty but admitted that they had operated a combine for purposes of profit for a period of over 20 years. Yet the maximum penalty the judge could impose on each company was a fine of $10,000, which means that they were fined the sum of $500 a year during the time they had been operating this combine. Surely the principle of the act is such that those who go into a combination for the purpose of setting prices and making greater profits for themselves should be dealt with in a severe way, especially when they maintain that they believe in free enterprise competition and by their actions give the lie to their statements.

Certainly, Mr. Chairman, the time has come for the revision of the penalties under the act so as to make it clear to the companies which take action under a combine which is detrimental to public welfare and harmful to the consumers' pocketbooks that we will enable our courts, on finding those people guilty, to impose a penalty which will really hit them where it hurts those profiteers most, namely in their pocketbooks. I would also recommend that a crime against society is one which should, perhaps in the circumstances, entail a jail sentence as well. Can the minister tell us whether any consideration has been given to this phase of the matter?

Mr. Fulton: Mr. Chairman, the act as it appears in the Revised Statutes of Canada, 1952, as amended by chapter 51 of the statutes of 1953-54, contains no ceiling on the fine that may be imposed, so the suggestion made by the hon. member has been in force for some three or four years. The case to which my hon. friend refers, which I believe was determined the day before yesterday or very recently, in any event, by a plea of guilty, happened to be a case in which the offence arose under the provisions of previous legislation when there was a maximum fine. It takes some time to bring these matters through the stages of investigation to prosecution and this is why, in that particular case, there was a maximum fine. But in cases arising since the amendments there is no maximum; the fine is in the discretion of the court.

Mr. Argue: Is it not possible under the act as it now stands to impose jail sentences on the officials of the company?

Mr. Fulton: Yes. The courts may punish any failure to comply with an order under this section by a fine in the discretion of the court or by imprisonment for a term not exceeding two years.

Mr. Winch: That is if an order of the court that they shall not continue in their operations is not complied with. Is that not the point? Could it also apply to the actual offence itself?

Mr. Fulton: To the actual offence itself.

Mr. Winch: Why the dickens do the judges not use it?

Mr. Johnson (Kindersley): I should like to touch on a problem which is quite significant in my constituency. I bring it to the minister's attention because I am certain it relates to this section of the act. As the minister knows, the propane gas industry, or the bottled gas industry, has made great gains in the provinces of Saskatchewan and Alberta because of the presence of the butane gas. As it progressed we found that many of the people in isolated rural communities and farmers were using bottled gas to a very large extent.

I believe at that time there were three companies engaged in the production and sale of bottled gas. Now we find there has been a merger of those companies, with the result that the price of propane gas has increased by 25 per cent in Saskatchewan. I think it is significant that there has not been a corresponding increase in the price of that gas in Alberta, which certainly indicates that there is a provincial monopoly exerting itself on the trade.

This is imposing a particular hardship on anyone who, as the minister knows, has gone to the great expense of installing natural gas or purchased or leased a large 500 or 1,000-gallon tank or has installed a home-cooking unit. Can the minister give me any information on what hope the consumers of this product may have of getting some redress which would put them on a basis comparable with that of the other provinces?

Mr. Fulton: Mr. Chairman, the branch takes cognizance of all information which it receives as a result of its own initiative, or which is directed to it as a result of knowledge coming to the attention of individuals or organizations, and it institutes the appropriate inquiry.

The hon. member will be aware that it is not the policy to state in any case whether or not an investigation is under way until such time as the matter has reached some finality. I would therefore suggest to him, if he has any particular information on this matter in his hands, that it would be appreciated and helpful if he would send it to me or to the director of investigation and research.

Mr. Fisher: Mr. Chairman, I think the Combines Investigation Act is of interest to anyone who is concerned with the idea of the relationship on the one side of pure monopoly and on the other side of pure competition. I have noticed in the last number of years, welling up from the business community through such forms of communication as the *Financial Post* and bank presidents' statements, a feeling against the way in which the Combines Investigation Act works.

In recent weeks I have been digging into this further because I have had a specific interest and hoped that the combines investigation branch might do something in one specific case. I discovered in the Canadian Journal of Economics and Political Science for February, 1956 and February, 1957, a number of articles dealing with this particular act and the way it works. I discovered there is quite a keen questioning of the act and how it should be handled.

Arising out of that I wanted to see whether the minister had any opinions or any ideas, as someone new on the job, on the words expressed by Mr. George Wilson. This is taken from the Canadian Journal of Economics and Political Science of February, 1957. Mr. Wilson wrote:

> In recent years certain business interests, lawyers, and professional economists have been insisting that the combines commission be required to demonstrate more than an "undue lessening of competition" to obtain a conviction under the Combines Investigation Act. What is being suggested is that the commission prove that the economic consequences of the anti-competitive business practices complained of are less desirable from the public point of view than they would have been in the absence of such restrictive activities.

In other words, the business community and some professional economists are asking that the combines investigation commissioners be required to go further in the proceedings arising from their investigations and prove undue harm to the public interest, which they do not have to do at the present time. I am wondering whether the minister is concerned with that particular point and whether, in taking over as the new head of the ministry of justice, he has any ideas about it.

In the second place I should like to ask him about the initiation of inquiries. I gather that in recent years the provision for the initiation of an inquiry by six people supplying information or making a petition has practically lapsed, and that in actual fact it is the director of the branch who launches most of the investigations. That being the case, I think it would be useful to have a fuller explanation of just how much information is required. Is it just a matter of suspicion? Is the division keeping a general surveillance at the present time on many of our major industries? At what point does the director decide to go ahead in a specific case?

I should like to refer to a specific case in order to obtain an opinion with respect to whether it would come under the Combines Investigation Act. I have had a complaint from a small car dealer that he is at a disadvantage in selling cars compared with the larger dealers, those with a greater volume of sales, in that the acceptance corporations or finance companies that handle the dealings will give a kick-back to the large dealer because they know that during the year he is going to direct all the business he can their way. Consequently the small car dealer is at a disadvantage. At the same time, the small car dealer who brought this matter to my attention said that he would hesitate very much to make an open complaint because of the difficulties in which he might be involved both with respect to the car companies and the finance companies.

I would appreciate it very much if the minister would answer the questions I have asked him.

Mr. Fulton: Mr. Chairman, dealing with the first question asked by the hon. gentleman with regard to whether we are making a study of the combines legislation, I can tell him, as I think he would expect, that when we took over it was the task of every minister with respect to his particular department—and I certainly regarded it as my task —to have a look at all the areas for which the department is responsible, and one of the most important, of course, is the field of combines legislation. He mentioned the discussions which are current as to what he described, I think, as the conflict or possible conflict between the principle of unlimited competition on the one hand and the desire to prevent any combination or arrangement on the other.

The discussion has been opened up, I think it is correct to say, as a result of the fine papers case, in which the jurisprudence was pretty well settled by a judgment of the Supreme Court of Canada that all that needs to be proved is the fact of a combination and that it has substantially lessened competition, and the courts do not require to inquire further than that as to the effects in terms of practical economics or particularly long-range economics on the public interest. The courts do not have to inquire into that once the two basic elements have been proven.

That does raise important considerations for all those in the field of business, and as a natural consequence they have expressed their concern and have made representations suggesting that the subject be reviewed. Therefore on both counts, first that it would be no less than my duty to inquire into the whole field on taking over, and second, as the result of representations that have been received, a study of the whole field of combines legislation is being made; but it is a general review, and I am not able to indicate at the present time what may be the results.

The hon. gentleman raised two other points which I perhaps should deal with now. As to the requirements that must be met before an investigation is commenced, the hon. member will find the statutory requirements set out in section 8 of the Combines Investigation Act, and it might be useful to put them on the record here. The section is in these words:

> The director shall
> (a) on application made under section 7,
> (b) whenever he has reason to believe that section 32 or 34 of this act or section 411 or 412 of the Criminal Code has been, is being or is about to be violated, or,
> (c) whenever he is directed by the minister to inquire whether any of the sections mentioned in paragraph (b) has been, is being or is about to be violated,
>
> cause an inquiry to be made into all such matters as he considers necessary to inquire into.

So you may have the three methods; any six persons making representations, the director moving of his own volition, or the director being directed by the minister. I think it is probably correct to say that in the considerable majority of cases the investigation is started by the director as the result of facts which are drawn to his attention not by six persons but by reports appearing in the press, reports from other departments of government and so on.

The third question asked by the hon. gentleman was whether a certain course of conduct said to be practised by car dealers constituted an offence or whether an inquiry would be warranted. I can only say in answer that if the conduct complained of did, prima facie, seem to establish that there is an offence under the combines legislation, it would be investigated by the director.

In that connection I can assure the hon. gentleman that the director is frequently in receipt of confidential communications. I do not think any dealer or any person need have any fear of the consequences if he wants to go to the director confidentially and lay information that is in his possession before the director. At least in the stage at which the initial inquiry is instituted that information will be kept perfectly confidential. If it is found that there is evidence of an offence it may be that we cannot move very far unless somebody is prepared to come forward and give evidence in a formal way, but the confidentiality is entirely preserved at least with respect to the preliminary inquiry by the director, to see whether there is in fact anything which would bring the complaint under the combines legislation.

Mr. Fisher: Further to the second answer, is the director being encouraged? Is there likely to be any expansion in his bureau in order to maintain more of a general surveillance? If, as I understand, most of the investigations are initiated by him, what sort of staff has he behind him in order to maintain a general surveillance? After all, to rely on newspaper articles or letters is a sort of hit or miss system.

Mr. Fulton: The director and his branch constantly amaze me by their efficiency.

Mr. Argue: Recently acquired?

Mr. Fulton: It is not a large branch, yet they are carrying on a comparatively large number of important and complicated investigations. At the present time there are

five vacancies in the junior and middle categories which have existed for some years. I have the matter under consideration now as to whether we need to fill them immediately, and we are keeping watch on the situation for suitable candidates. There is that leeway there for further expansion of the activities of the branch should it become obvious that that is necessary.

Mr. Fisher: I have two more very minor questions. Is the gentleman who wrote this rather major article on the Combines Investigation Act, Mr. L. A. Skeogh, a member of the government department at this time?

Mr. Fulton: He is on the staff of the branch, but at the present time he is on one year's leave of absence without pay as a visiting professor at Queen's University.

Mr. Fisher: The second question is this. Can the minister give us any more information on how progress is coming along in the investigation into pulpwood prices in the province of Quebec?

Mr. Fulton: Final hearings before the restrictive trade practices commission have been concluded. The next step is for the commission to make its report. I am not able to say when the report will be received, but the hearings are concluded.

Mr. Hahn: I should like to ask the minister a question respecting a case now before the commission. I refer to the united fishermen and allied workers union. Can he give us a report as to what progress has been made, and if and when a report is expected from that hearing?

Mr. Fulton: The taking of evidence has in part been concluded, and the director is now reviewing such evidence and awaiting some further evidence in order to reach a conclusion as to whether to submit a statement of evidence to the commission.

Mr. Barnett: I have a question on the same subject as that which was raised by the hon. member for New Westminster. The minister will recall that earlier this session—as a matter of fact, it was on October 21 as reported at page 181 of *Hansard*—I asked him a question in this connection which reads as follows:

> I wish to direct a question to the Minister of Justice, and my question is this. In view of the minister's statement on Friday last that he has no authority under the Combines Investigation Act to direct the discontinuance of the investigation into the affairs of the united fishermen and allied workers union, will he introduce amendments to clarify the intent of the act in order to ensure that trade unions in the future will not be subject to this sort of investigation?

[Mr. Fulton.]

On that occasion the minister replied as follows:

> Mr. Speaker, combines legislation generally is presently under consideration in my department and I can assure the hon. member that we will give very full consideration to the point of view he has just put forward.

My question to the minister is whether he can give us any information as to the result of the consideration he has given to this matter since October 21 last. Can he inform the house that in point of fact amendments will be introduced which will prevent investigations of this sort from being introduced into the field of trade union activities?

Mr. Fulton: It is not possible to give a final answer to that question at the present time. Section 4 of the Combines Investigation Act is quite clear. It reads as follows:

> 4. Nothing in this act shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees.

This is, of course, one of the questions which will have to be considered by the director as he assesses the evidence. He has not completed that work yet. I therefore can only say that I shall be glad to consider, on the conclusion of the case, whether the legislation has been shown to be deficient in the protection which it was intended to afford such unions in any substantive or procedural respect, or whether any of the provisions have been misapplied.

Mr. Cameron: Just now the minister told us that he has been reviewing the whole field of operations of the combines investigation branch. I wonder whether he has also reviewed some of the earlier investigations following which no action was taken. I have in mind the investigation some few years ago of the milling industry. If my memory serves me correctly, although the McGregor report revealed the existence of a combination in restraint of trade, a combination setting prices across the country, no action was taken by the former administration. I was wondering whether the minister is considering a review of that situation and possibly a new investigation in order to see whether the conditions complained of in the report are still extant.

Mr. Fulton: Current situations are constantly under review. I do not think it would be useful to order an investigation to be made into a situation which arose and was reported upon five, six or more years ago. It is the current situation and the current detriment with which we are concerned. In this field, as in others, there is a constant surveillance of the situation.

Mr. Castleden: I should like to refer back to the minister's statement with regard to

the case of the roofing combine. From the minister's reply I gather that in this case the penalty which was imposed by the judges after the companies were found guilty was limited because the offence with which they were charged was laid while there were limitations on the amount of the penalty. I presume, then, that the penalty was imposed because they were guilty of an offence at the time; that is prior to the amendment of the act.

Mr. Fulton: Yes.

Mr. Castleden: How then could they be penalized for carrying on a combine after the limitations were removed as to the fines the judge could impose upon them? In this case I believe there were eleven companies.

Mr. Fulton: Yes.

Mr. Castleden: The penalty was $10,000 per company. I should like to know whether or not that is the case; that is, whether the fine of $10,000 each was because of the limitation.

Mr. Fulton: I am informed that the period covered by the investigation and upon the basis of which the charges were laid was prior to the amendment of the act, the period within which the penalties were confined to a maximum of $10,000. If I am correct in my understanding, the investigation and the charges did not relate to a period after the amendment when the ceiling on fines was removed.

Mr. Castleden: Would it be possible, by laying another charge, to have them penalized for carrying on a combine for a period since the limitation, if they were doing so?

Mr. Fulton: If in fact any evidence were available which disclosed that they continued to carry on their combine it is possible that the suggestion made by the hon. member would have validity. I would have to review the evidence in order to see whether that is the case, but I think it is correct to say that when an investigation has proceeded to the point where it is fairly clear that legal proceedings are to be had, in most of these cases but not by any means in all of them the activities complained of are suspended. I will have to see whether that was the case here. However, I can assure the hon. gentleman that if there is evidence of a continuation of the offence or of the actions which formed the basis of the charge, the director will take appropriate action.

Mr. Castleden: That deals with any case as from now on.

Mr. Fulton: Yes.

Mr. Castleden: I am referring to the fact that this combine operated for a period of some 20 years, according to the evidence. A portion of the time was after the amendment to the act which removed the limit on the penalty. It seems to me that this combine is getting off very easily. I think it could be proved that if these ten companies, which have operated across the whole of Canada, had operated a roofing combine in this country for that length of time, the profits they made because of the combine would amount to many millions of dollars, and that the penalty of $10,000 a company is mere peanuts and is not, as a matter of fact, justice.

Surely the purpose of this act is to prevent and discourage combines and their operation. It seems to me that in this case the purpose is not being fulfilled if these companies can make profits of this kind and get such a very small penalty because of the limitations in the act when the complaint was made.

Mr. Fulton: I am informed that it was the opinion of crown counsel that the charges he could prove and which he felt would result in a conviction related to the period before the act was amended. That was the opinion of counsel and that opinion, of course, we had to accept. I am also informed that the prosecution commenced about a year ago.

Mr. Fisher: If one makes a distinction between combinations on the one side and monopolies or mergers on the other, has there been any record in the past of orders by the courts to dissolve monopolies or mergers, or have all the results of these investigations been on the combines side?

Mr. Fulton: I am informed that the amendment empowering the courts to make such orders only came into effect in 1952, and that there have been no merger or monopoly cases finalized since that amendment in which the circumstances would be such that an order of that nature would be applicable.

Mr. Fisher: Mr. Chairman, I appreciated the minister's previous answer about the initiation of complaints, but if one makes the distinction between a combine and a monopoly or a merger, I was just wondering if the minister could express any opinion as to how much of the research and investigation of the department is going toward the monopolies and mergers side where you are much less likely to get complaints than you are on the combines side.

Mr. Fulton: It varies from year to year, and I think one can only say that we take them as they come when the evidence arises or when it is brought to our attention. It would not be possible to give a percentage; for instance, that 40 per cent of the attention is directed to looking out for mergers and 60

per cent to looking out for combines. It depends entirely upon when evidence of offences becomes available.

Mr. Castleden: I should like to ask the minister whether or not among the 30 cases now before this branch of his department there are included charges against some large chain store grocery outlets or against brewery and distillery amalgamations?

Mr. Fulton: If I understand the question of the hon. gentleman it is as to whether any of the cases recently before us included charges against chain stores?

Mr. Castleden: Grocery chain store outlets.

Mr. Fulton: No.

Mr. Castleden: Among the 30 cases you mentioned in which there were complaints now before the commission—I am asking whether these included complaints against chain store outlets in the form of combines?

Mr. Fulton: There are 21 cases before the commission as of today.

Mr. Castleden: Oh, 21? Do they include any against grocery chain store outlets?

Mr. Fulton: These embrace only the combine and merger cases and would not include investigations as to whether there is, for instance, what is generally described as the loss-leader practice. That is not included in this figure of 21.

Mr. Castleden: It was not the loss-leader point that I was particularly dealing with. I was asking the minister whether among the 21 cases now before the commission there were included charges of monopoly practices by large chain store grocery outlets.

Mr. Fulton: The answer is no.

Mr. Hahn: Are there any investigations being carried on at this time with respect to mergers of newspapers or other publications?

Mr. Fulton: Mr. Chairman, I am again in the position where, if I gave an answer to the hon. gentleman's question, I think I would be in breach of the principle that until any inquiry has reached a certain stage we do not give information, so I would prefer not to answer that question.

Mr. Winch: Perhaps in a similar vein—I am not going to deal with loss-leader practices, and I may not be able to ask a direct question because the minister might not feel he could answer me, but I would make this suggestion to the hon. gentleman. If they are not doing it now, his department should make a very exhaustive examination of the full operations of the Taylor interests and the Weston interests.

[Mr. Fulton.]

I say this because at least in my interpretation of the act it constitutes a combine or a restraint of trade where you have a firm in the retailing business, supplied by a wholesaling business, supplied by a production business, all of which are owned by the same interest.

When you have a situation which is developing through the medium of controlled companies and subsidiaries, such as I am convinced there is in Canada today in these two cases, I think it is high time that a most exhaustive analysis be made by this department of all the ramifications and the controlled interests of those two individuals.

I must admit it is only my own impression, but I have made some studies and I can assure the minister that it is a terrific job to try to follow through all the ramifications of these companies controlled by these two individuals. I am convinced in my own mind that the Minister of Justice would be doing a great service to the consumers of Canada if these two individuals were completely examined in respect of all the ramifications of their financial and their corporate control.

Mr. Fulton: Mr. Chairman, any activities of whatever individual or of whatever corporation which may be carried on and which come within the scope of the combines legislation will be investigated by the director as soon as evidence suggesting that there is an infraction of the combines act is brought to his attention. However, they have to be brought within the scope of that legislation. If my hon. friend or anybody else has any evidence that would be helpful in this regard, then I suggest he could make it available to the director.

Mr. Fisher: Could the minister express an opinion on a point that has been brought up? Where you get, for instance, a huge corporation such as A. V. Roe or some other organization which straddles a number of interests, is there anything in the Combines Investigation Act that would allow investigation of this type of merger and the extension of these corporations into so many fields? I can think immediately of A. V. Roe or Algoma Steel.

Mr. Fulton: The offences covered by the act are defined in the definitions section, section 2 of the act, subsection (e) which defines a merger, trust or monopoly, and it also outlines the restrictions as to the types of businesses to which the definition is confined.

Therefore I come back to the answer I gave previously that if any corporation, however large or small, in its activities comes within the terms of the definition and can be established to have committed an offence, then it will be proceeded against, or it will at least be investigated. That being the general

situation then, as I say, we have to have evidence in a particular case, and I would not be able to give an opinion in answer to the general form of the question which I have just been asked.

Mr. Bryson: I am wondering, Mr. Chairman, if the minister has had any formal complaint from retail jewellery outlets in Canada protesting the development which they believe constitutes a violation of the fair trade practices act. Apparently one or two discount houses are circulating catalogues to insurance dealers, filling station operators and others offering merchandise generally found in a jewellery store. They feel that this is a violation of the fair trade practices act. Also they believe that the prices quoted and the quality of the goods advertised are not as they should be.

The magazine which is the official organ of the jewellery stores suggested in a recent article that the people concerned should liquidate their business before it is too late, because they feel they are going to be the victims of these discount houses. I wonder whether the minister has any comment to make, and whether he thinks this constitutes a breach of the fair trade practices act.

Mr. Fulton: We have received a number of informal representations on this subject, and we are considering at the moment whether they raise any cause for inquiry.

Mr. Cameron: I wonder if the minister could tell us whether it would be considered prima facie evidence of a combine in restraint of trade and an offence against the act if there appeared in the papers an announcement of a merger involving all the cement companies in Canada, and whether the department would take action if such a notice was brought to its attention.

Mr. Fulton: Mr. Chairman, I do not want to be drawn into expressing positive opinions on hypothetical questions. Such an extraordinary announcement in the papers would, I am sure, arouse more than passing interest on the part of the director.

Mr. Howard: Mr. Chairman, there is one group of privately owned corporations in Canada which has probably the greatest amount of interlocking associations in its activities, as far as relations with the general public are concerned. I wonder whether any request has been received for an investigation into the private chartered banks to determine whether they constitute combines in restraint of trade. I am sure everyone will agree that one bank is just the same as the next when it comes to interest rates and taking your money from you.

Mr. Fulton: I think the answer to that question is that the business of banking does not fall within the terms of the legislation concerned here, which relates primarily to commodities.

Mr. Howard: Can I assume, then, that private finance corporations which are not banks, small loan companies such as Household Finance and similar concerns, come into the same category?

Mr. Fulton: I believe that generally speaking it would be correct to say that they are dealt with by other legislation and that they do not fall within the category intended to be dealt with under this legislation.

Mr. Fisher: Mr. Chairman, I understand there are two ways in which the government can punish firms which appear to be breaking the law in this particular regard by action outside the Criminal Code; that is, by the removal of customs duties, and the revoking of patents or that sort of thing. Has anything of that kind ever been done in the past to bring groups into line?

Mr. Fulton: One or two instances have occurred in the past, and one case is under consideration at the present time.

Mr. Fisher: In which category?

Mr. Fulton: Customs tariff protection.

Mr. Knowles (Winnipeg North Centre): May I ask the minister if he could tell us the present status of the report concerning the sugar industry in western Canada and the proposed merger of certain sugar companies? I realize that there has been some corporate change since the report was prepared, but I should like to ask the general question.

Mr. Fulton: The report and the findings of the commission are still before us in the department for consideration as to what action we should take, and while the situation is as I have described it, it is difficult to go much further than that statement.

Mr. Knowles (Winnipeg North Centre): May I ask the minister whether any study has been made of the sugar industry in Canada as a whole?

Mr. Fulton: I think I must make a general reply here and say that specific answers to inquiries such as that are not usually given.

Mr. Knowles (Winnipeg North Centre): That reply gives one the hope that this matter is being studied. May I ask also what is the present status of any inquiry or action with regard to the alleged combine in the manufacture and sale of beer in Canada?

Mr. Fulton: I think I have answered that question already. That has been referred to counsel with instructions for prosecution.

Mr. Fisher: Mr. Chairman, I have one question with regard to the details on page 260, in relation to the fees and expenses of legal counsel, etc. I see this figure has been reduced by $10,000. The reduction lies, I imagine, in the field of services and might involve a serious curtailment of activity. If the branch is increasing its work I wonder why this reduction was made.

Mr. Fulton: I think the hon. gentleman means page 250, does he not?

Mr. Fisher: Yes, page 250.

Mr. Fulton: Well, the item we are considering comes under item 179, the details of which appear at the top of page 250. If the hon. gentleman is looking at the bottom of page 250, that would come under item 180.

Mr. Fisher: I apologize.

Mr. Fulton: If it is agreed that we should carry item 179 and come to item 180, I am prepared to deal with that question.

Mr. Blackmore: May I ask the minister whether or not the use of the word "merger" was justified as the hon. member for Winnipeg North Centre used it in respect to sugar companies?

Mr. Fulton: That is one of the points before us in the department for consideration at the present time, and one which must be decided before we can determine our course of action.

Mr. Blackmore: Mr. Chairman, may I ask the minister if, for the information of those who read *Hansard*, and for my information, too, he will tell us what companies are proposing to merge?

Mr. Fulton: I believe the names of the companies are the British Columbia Sugar Refining Company Limited and the Manitoba Sugar Company Limited. I am not sure that those are the exact names, but I think most of those who are interested will be able to identify the companies which have already been named in the report.

Mr. Christian: I should like to ask the minister if the expression "trade practices" covers the restriction of news.

Mr. Fulton: I am advised that those words do not appear in the legislation.

Item agreed to.

180. Office of investigation and research, $455,375.

Mr. Fulton: On this item I have a motion which I would ask one of my colleagues to move. It is:

That vote 180 be reduced from $140,000 to $120,000.

[Mr. Knowles (Winnipeg North Centre).]

My colleague the Minister of Fisheries has agreed to move it.

Mr. MacLean: I so move, Mr. Chairman.

Mr. Knowles (Winnipeg North Centre): Would the minister explain why this figure is different from the figure in the book? The amount set out in the book is $455,375 rather than $140,000.

Mr. Fulton: Mr. Chairman, I have to admit that there is a small error in the drafting of the motion which I, as Minister of Justice, find somewhat embarrassing. It should be that the vote be reduced by $20,000; I think that would probably be ample. It should be reduced from $455,375 to $435,375. I will have the motion written out again, but in the meantime I can explain that the $20,000 reduction will be found in detail under fees and expenses of legal counsel, accountants, special assistants, reporters and witnesses. It has been found that we will not require all that money this year.

As I said yesterday, it does not represent a reduction in the activities of the department. In estimating we have to make provision, for instance, for the payment of fees to counsel as cases are launched in court, and we have not that number of cases before the courts which will make it necessary to spend this amount of money this year. Whenever we get them before the courts we can provide the money in next year's estimates.

Mr. Knowles (Winnipeg North Centre): This would not be a case of lawyers working for less money?

Mr. Fulton: Lawyers' fees are always reasonable and do not require justification.

Mr. Castleden: I presume the amount of $140,000 was a decision of the previous minister of justice, since these items take in 1957?

Mr. Fulton: Yes. These were initially prepared in August of 1956, I believe, and tabled early in 1957. It is a feature of estimating that when you are estimating 18 months in advance of the end of the fiscal year in which the money will be spent you frequently approach the end of the fiscal year and find there are reductions that can be made.

Mr. Castleden: It was an estimate of the previous minister?

Mr. Fulton: Yes.

Mr. Hahn: Mr. Chairman, before the item carries I should like to congratulate the minister on finding a place where we can save some money, but may I just request that when he finds it necessary to make any

amendment he provide us with a sufficient number of copies of the amendment so that I may have one for this group?

Mr. Knowles (Winnipeg North Centre): None of us has a correct copy.

Mr. Fulton: Mr. Chairman, if hon. members would be kind enough to permit me to do so, and with the concurrence of my colleague the Minister of Fisheries, I would move:

That item No. 180, "Combines Investigation Act—office of investigation and research" be reduced from $455,375 to $435,375.

The item itself is found on page 35 of the estimates, and the original wording of the motion is based on the fact that the detail within which the reduction takes place provided for $140,000.

The Chairman: Shall the amendment carry?

Mr. Zaplitny: Mr. Chairman—

Some hon. Members: One o'clock.

Mr. Fulton: Can't this one carry?

Mr. Zaplitny: I have only one question to ask, and it is not a matter of detail, either; it is a matter of a principle, I suppose you would call it. Would the minister say if that $20,000 which is no longer required is evidence of waste and extravagance in the estimate as it now stands?

The Chairman: Order. It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Order. When the committee rose at one o'clock we were considering item 180 of the estimates of the Department of Justice, and the minister moved the following amendment:

That item No. 180, "Combines Investigation Act—office of investigation and research" be reduced from $455,375 to $435,375.

Shall the amendment carry?

Mr. Knowles (Winnipeg North Centre): Before the amendment carries may I ask the minister whether he has figures as to how much was spent under this subitem in the fiscal year 1956-57? Perhaps he can tell us how much he thinks will be required under this same subitem in 1957-58?

Mr. Fulton: Mr. Chairman, that information will be looked up and I will reply to the hon. gentleman in a moment. But before I do so I should like to refer to a statement in answer to a question by the hon. member for Okanagan Boundary, in case I should have misled the hon. gentleman or the committee. I believe the question was asked as follows:

I should like to ask the minister if the expression "trade practices" covers the restriction of news?

I replied:

I am advised that those words do not appear in the legislation.

I think the correct answer would have been that the words "trade practices" appear only in the title of the restrictive trade practices commission; and since the commission is set up and referred to in the statute, then obviously the words "trade practices" do appear in the statute. As I understood the intent of the hon. gentleman's question, however, it was to ask whether the offences covered in the act are covered with reference to trade practices in the sense of unfair trade practices, undesirable trades practices, and so on. The offences as defined in the act and as covered in the ambit of the legislation do not have reference to trade practices as such, and it was in that sense I intended my answer to be taken.

To answer the question of the hon. member for Winnipeg North Centre, a hasty calculation indicates that something of the order of $100,000 was spent in the year 1956-57, and we anticipate that we shall be spending close to $120,000 this year. For that reason I moved to reduce the amount to $120,000.

Mr. Knowles (Winnipeg North Centre): Can't we have fun with figures? The minister is now indicating that in this fiscal year the government will actually be spending $20,000 more than was spent in the previous fiscal year; yet, because of the way the previous government overestimated, he is able to come before the committee and ask for a reduction in the estimate. As I say, it is very interesting the fun one can have with figures. If an error was made here it was an error of overestimating, not an error in terms of waste and extravagance.

Amendment agreed to.

Item agreed to.

Mr. Richardson: Before you come to the next item, Mr. Chairman, I should like your opinion or that of the Minister of Justice as to the propriety of my raising a question at this point or at some other point. Before I ask the minister a question I should like, if I may, to confirm in the house the personal congratulations I have already given to him upon attaining the very high and distinguished office of Minister of Justice. Those of us who belong to the legal profession, as I do, know that he will bring to that post, as

a good many of his predecessors have done, a good mind, experience and a desire to serve the country in the very illustrious portfolio of Minister of Justice.

The question I would like to put—and I have been searching for an item in the estimates of the Department of Justice—relates to the phrase "not a judicial body but a semijudicial body". I cannot find that any estimate has been set up for a semijudicial body. I did understand—perhaps it was not said by the present government—that at least a suggestion was made in recent months, and some weeks prior to June 10, that a semijudicial body would be set up for the determination of problems between the Canadian Broadcasting Corporation and private radio stations. Are we to assume, Mr. Chairman, that because there does not seem to be anything in the estimates this pledge or this suggestion is not to be implemented, at least at this time?

Mr. Fulton: Mr. Chairman, I do not think the hon. gentleman should draw any conclusion, restricted as to time or otherwise, such as he has suggested, on the basis of those estimates.

I would like to say at once I appreciate very much his kindly reference to myself. If he will recall for a moment he will appreciate that the estimates we are now dealing with, as was made clear by the Minister of Finance, are the estimates which were prepared by our predecessors, and he will realize that no item such as he is interested in appears in the book now before us. In any event, the subject matter which he has in mind would, I assume, be covered by an item in the estimates of the Canadian Broadcasting Corporation, or under the Department of National Revenue through which the C.B.C. reports and, as I understand it, would not be likely to appear in the estimates of the Department of Justice.

Mr. Knowles (Winnipeg North Centre): Does not the Canadian Broadcasting Corporation—just to have the matter clear—report to the Minister of National Revenue rather than to the department?

Mr. Fulton: The hon. member is quite right; it reports to the minister. I will check it here. I think it has its own separate estimate; therefore I assume the item which covers the subject matter referred to would appear in the C.B.C. estimates.

Mr. Richardson: The minister has dealt with my question, which is semijudicial. He has at least given me half the answer.

181. Bankruptcy Act administration, $48,985.

[Mr. Richardson.]

Mr. Hahn: Can the minister inform the committee how many bankruptcy cases were heard during the year? While he is looking up the information perhaps he can compare the number with the previous year.

Mr. Fulton: I regret that I am unable to give the hon. gentleman the information he has asked for. I will get it for him. If he would prefer to have this item stand that will be satisfactory, or perhaps we could carry the item subject to my getting the information.

Mr. Hahn: I may have some questions on it. I would just as soon the item did not carry.

Mr. Fulton: Then this item stands.

Mr. Christian: The minister may not have the information readily available, but I should like to know whether he has any statistical information showing the number of bankruptcies this year compared with one year ago.

Mr. Fulton: I find I have the information as to the number of bankruptcies up to the end of 1955 in the figures which were prepared for the estimates, but I realize that may not be very satisfactory and would therefore be prepared to get up to date information and bring in an answer later. Perhaps, therefore, this item should stand.

Item stands.

Penitentiaries—

182. Administration of the office of the commissioner of penitentiaries, including $60,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $482,446.

Mr. Stick: May I preface my remarks under this heading by saying that when gentlemen of the legal profession start throwing bouquets at one another I think it is time for us poor laymen to beware. I should like to ask the Minister of Justice a question. The nearest federal penitentiary to Newfoundland is at Dorchester in the maritimes. Has there been any request with regard to the building of a federal penitentiary in the province of Newfoundland?

Mr. Fulton: The hon. gentleman has asked me a question, as I understood it, with regard to plans for building a federal penitentiary in Newfoundland.

Mr. Stick: Have any representations been made?

Mr. Fulton: The officials are just arriving, and I will be able to answer that question in one moment. I am informed that no representations have been received to that effect. We have an arrangement with the government of Newfoundland whereby we pay them stated per capita rates for the

prisoners they accommodate who would otherwise have to be accommodated in federal penitentiaries.

Mr. Olson: I understand the department has studied or is studying the redistribution of prisoners among provincial jails and federal penitentiaries in western Canada. I also understand the federal government feels it should assume some additional responsibility in this regard. Does the Department of Justice feel that it needs some additional accommodation for federal prisoners in western Canada? If so, will a committee be set up to look into the selection of a site or sites?

My information is that some 40 or 50 invitations have been forwarded from different areas in western Canada for the establishment of such an institution. In view of the large number of communities asking to have it located in their areas, will the minister say whether or not there will be an opportunity for representations to be made to the committee when they are determining where the site will be?

Mr. Fulton: The hon. gentleman is correct when he states we have had somewhere around 40 to 50 representations or requests from communities in western Canada for the choice of their area as the site of a new federal penitentiary. The situation remains as I have outlined it previously and, indeed, as I did yesterday on the administration item of the Department of Justice; namely, that until we have had an opportunity to discuss with the provinces the implications of the Fauteux committee's report we will not be able to make an intelligent decision as to where a new federal penitentiary should be located, and as to the size and type of building that should be constructed. Therefore, as I have advised all those who have renewed their representations recently, it is necessary to leave a decision on that matter for the time being.

The hon. gentleman asks whether, after a decision is made, there will be an opportunity for interested communities to renew their representations to a committee which will be considering the matter. I think the best answer I could give is to say that this and related questions will be considered at the proposed meeting with the attorneys general of the provinces. At that time I expect there will be competing claims, no doubt supported by the attorneys general, but I am quite sure that at those meetings we will be able to discuss the problem and arrive at the most satisfactory solution from the point of view of the country as a whole.

Mr. Hahn: Speaking to the question raised by the hon. member for Medicine Hat, I know the Minister of Justice is fully aware of the needs of the province of British Columbia; and in view of the fact that the British Columbia penitentiary is located in the city of New Westminster itself I believe the minister will recognize that there is great need for another penitentiary in western Canada.

I have one or two specific requests to make with regard to any new institution that may be built. First and foremost, when the matter of building a new penitentiary is being considered I would request that one of the requirements that should be taken into account is sufficient agricultural land surrounding the penitentiary so the land surrounding the present British Columbia penitentiary may be made available to the city of New Westminster. I request that any new penitentiary that is built be equipped to look after the agricultural activities of the inmates of the British Columbia penitentiary.

I fully realize, as I am sure the minister does, that New Westminster has reached a point where there is not a single lot available within the city limits. When the citizens look at 70 acres of the finest land in the whole area being devoted to raising agricultural produce for the penitentiary, which is practically in the centre of the city, one can understand that there is a certain feeling of animosity among the citizens that this condition should be allowed to continue as it has during past years and possibly will in the future unless new plans are evolved. I do not suggest that the penitentiary itself necessarily need be moved, as the spending of $10 million to build an additional penitentiary to house the 650 inmates in the present institution might not be warranted at this time.

We are not asking that the British Columbia penitentiary itself be moved. We just want the land surrounding the penitentiary to be made available to the city. That is the prime consideration that I think should be kept in mind when any decision is made respecting where a new penitentiary is to be located in the western part of Canada.

Mr. Johnston (Bow River): While this question is being discussed I should like to draw the minister's attention to the question of a federal penitentiary in Alberta, particularly in the Drumheller area. I have taken up this matter with the minister during this session, and he indicated to me that an investigation was going on in the province of Alberta to ascertain whether or not the

federal government would be wise to go ahead with the construction of a penitentiary there until such time as it had consulted with the provincial authorities to see if there was a necessity. Once that decision had been reached, then the federal government would take some further active steps to see that something was done about it.

Of course, when I was taking this matter up with the minister I pointed out the advantages that the Drumheller area had for the location of such an institution. I pointed out that it had exceptionally good agricultural country surrounding it, that it had all the coal, natural gas and oil that could ever be expected to be used for heating purposes or for any other purposes for which they might be required in the construction and operation of a penitentiary.

As the minister knows, for some time now the provincial government of Alberta has been giving consideration to the construction of a provincial jail, but the federal government's indecision has prevented the provincial government from going ahead with this project. They already have the property bought and are awaiting, as I am informed, the decision of the federal government before they can go ahead. It is obvious that it would not be necessary to have two large institutions of that kind in the province in addition to what is there already.

It does seem to me that since the federal government have now been investigating this matter for some time, they have no doubt come to a conclusion. If the minister could advise us as to the progress of their investigation and what their decision is in this regard, I am sure the people of Alberta would appreciate it. When the minister is making his decision I hope he will give first consideration to the Drumheller area which I indicated to him previously for the location of this building. It has tremendous advantages that I do not think are possessed by any other site in the province of Alberta.

It is an urgent matter for either the provincial government or the federal government to go ahead immediately with the construction of such an institution. However, it seems that the federal government's decision now is holding up the whole thing. Certainly the province cannot go ahead until the federal government has made its decision. It seems to me that the federal government is now in a position where such an institution is required under federal jurisdiction, and that we should go ahead now and build that institution in Alberta, preferably, of course, at Drumheller.

Mr. Cameron: In listening to the debate just now, it occurred to me that the old adage that crime does not pay apparently will have to be discarded, because apparently it does pay if there are enough people inside penitentiaries. I should like to call another matter to the minister's attention. It has to do with extension of penitentiary service. I wish to ask him if he or his officials are giving any consideration to the establishment of a penitentiary for the accommodation of women prisoners in western Canada.

Just before I came down here I had occasion to visit the penitentiary in Westminster, and I had a long talk with the warden there. He expressed the view that one of the most important facts in the rehabilitation of prisoners was whether or not they had been in receipt of regular visits and communications from their families and friends while in prison. For women prisoners from British Columbia brought down to Kingston there is not the slightest chance of their ever receiving a visit from any of their relatives or friends during the time of their imprisonment.

I think this is a serious lack in our penitentiary system. To me it is a rather brutal and cruel feature, that these women are brought half way across the continent knowing perfectly well that they are not going to see any friends or relatives during all the time they are serving their sentences. I wonder whether the minister can tell us whether he has been giving some consideration to the problem.

Mr. Fulton: Perhaps I could deal with the remarks of the hon. member for New Westminster and the hon. member for Bow River somewhat at the same time. It is a matter of fact that there is need for an additional penitentiary in western Canada. The overcrowding at the present time is most noticeable at the penitentiary at New Westminster where, during the year 1957, there had to be two transfers of prisoners to other penitentiaries, one in Saskatchewan and one in Manitoba. Hence the point made by the hon. member is one that is well before us.

I can say that we will bear in mind his representation that even though the penitentiary might not be transferred from New Westminster, nevertheless the agricultural lands, as I understand it, should be made available and agricultural lands elsewhere acquired. He will appreciate the fact that that would create a considerable problem because of the desirability of having your agricultural lands, which are worked to a great extent by the penitentiary inmates, as close as possible to the penitentiary itself. However, his urgings will be borne in mind.

On the same subject and in reply to the hon. member for Bow River may I say that

I am aware that the province of Alberta has a desire to proceed with the construction of certain additional prison accommodation of its own. I have discussed the matter with the deputy attorney general, and I regret that we have not been able to present to him any precise plan which would enable an immediate decision to be made. However, I believe I can properly say that he in his turn is in agreement that it would be sounder to wait until we have an over-all solution to this problem before proceeding separately with the construction of additional facilities in that province. This is one of the many reasons why we are fully aware that we must get on with the job as fast as we can, and why we have assigned one officer exclusively, full time, in the department to work out more precisely the implementation of the Fauteux committee report.

With regard to the observations of the hon. member for Nanaimo may I say this. As he will recall, the Fauteux committee devoted some attention to this question of an institution for women prisoners, and they urged that consideration should be given to the problem of whether there should be decentralization of women's penal institutions or whether they should continue, as they are at the present time, to be accommodated at one central penitentiary. That is also one of the problems which is actively under consideration in connection with these recommendations.

Mr. Henderson: On the subject of a women's penitentiary, to which the hon. member for Nanaimo has just been referring, I think we as Canadians should feel rather gratified that of between 8 million to 9 million members of the female sex in Canada, we have an average of only about 82 to 85 women in our federal penitentiary.

On the subject of the women's penitentiary at Kingston, and having regard to the fact that I believe that penitentiary has a very high security rating, it could be used as a reception depot for prisoners becoming inmates of the federal penitentiary at Kingston. I was just wondering whether the minister would give us some idea whether or not the federal women's penitentiary will be built on the site that was formerly sold for the Collins Bay penitentiary, or would his answer of the Fauteux report apply to that matter?

Mr. Fulton: We still have the site available if a decision should be made to build a separate women's penitentiary at Collins Bay. I do not like having to keep on saying that these details must await determination until we have arrived at an over-all program with regard to the Fauteux report but I am afraid I am compelled once again to resort to that answer. However, I can tell the hon. gentleman this. He will be interested to learn that instead of the present number of inmates of the women's penitentiary being as high as he said, it is at the present time only 74 out of 8 million to 9 million women in Canada.

Mr. Henderson: On another point in connection with penitentiaries in the Kingston area, I should like to take this opportunity of congratulating the minister and his departmental officials on the progress that is being made in the construction of the Joyceville penitentiary. There are two points about which I should like to ask the minister. One is this. I should like to see the minister's department work, as they have in the past, in co-operation with the township of Pittsburgh for a combined water system to service both this penitentiary area and the village of Joyceville, having in mind that in the development of the village of Joyceville they could develop guards' residences on an individual basis, as they have residences available both at Collins Bay and at Kingston penitentiary close by.

I realize that the Department of Justice at the present time has entered into a temporary arrangement for a private water system, but I wonder if in the future they would bear in mind in their plans that they might be able to co-operate in some way with the township of Pittsburgh in order that water could be taken up to the village of Joyceville close by the penitentiary. The officers could then live within the limit of five miles while working at the penitentiary, and it would be very advantageous not only to the penitentiary branch but to the home life of guards, and would also tend to put the development in that area on a stable basis.

Another question I would like to ask the minister is with respect to the fact that the old penitentiary farm at Kingston penitentiary will eventually be disposed, of being replaced by both the Collins Bay farm and the Joyceville penitentiary farm. In view of the fact that the city of Kingston must plan future services for development in that area I wonder if the minister could give us some idea as to when that farm may be disposed of; that is to say the old Kingston penitentiary farm bordered by highway No. 33, Palace road and Johnston road?

Mr. Fulton: I am informed that present indications are that we will be needing that farm land for at least another two years. Therefore it seems premature at the moment to enter into specific negotiations for its disposal. Speaking from memory, we have

had I believe three indications from interested parties that they would like to be borne in mind when ultimate disposal is undertaken and they, together with all other representations received, will be carefully noted.

Mr. Howard: Mr. Chairman, I have not had the opportunity to go into the details of the Fauteux committee's report, and perhaps the subject matter which I am going to raise is contained therein. If it is I know the answer already, but in looking through the annual reports of the commissioner of penitentiaries for at least the past three or four years you find that the average educational level of inmates in our federal penitentiaries is probably grade V or grade VI. In the last report at which I am now looking, which is the one for the year ending March 31, 1956, over 60 per cent of the inmates in our penitentiaries across Canada had grade VIII or less of formal education.

Having visited two or three of the penitentiaries and discussed with the wardens and other officers and the inmates themselves the question of the vocational and education training given them, I am of the opinion that it is far less than it should be. I spent some time in the Collins Bay penitentiary—and for the benefit of those who are now looking at me it was just about two days—

An hon. Member: Not two years?

Mr. Howard: No, it was not two years.

An hon. Member: He must have got out.

Mr. Howard: Yes, I knew the warden. While I was there I was most interested to see the operation of the Collins Bay penitentiary, which is primarily a vocational training school for people who are transferred mostly from the Kingston federal penitentiary, who undergo some sort of vocational training in carpentery, bricklaying, sheet metal work and allied types of trades. I was told that last year, which I believe was the tenth anniversary of the operation of the Collins Bay educational program—

An hon. Member: A Liberal realization.

Mr. Howard: A Liberal realization?

Mr. Fisher: There is nothing liberal about a penitentiary.

Mr. Howard: It is a good job that the Liberals realize this necessity, though I am sure they did not have too much to do with this. In any event, I was told that of all the people who had—and I use the word in quotation marks—"graduated" from Collins Bay in this 10 year period, more than 65 per cent had not become recidivists, which is a higher percentage than those released from penitentiaries other than Collins Bay.

I hope that, if this will depend on the Fauteux commission's report, a great advance will be made in the steps taken to provide educational training for inmates in penitentiaries, as well as to provide vocational training for them. I am not talking now in terms of the normal type of work which inmates of penitentiaries do such as making boots, sewing up mail bags and other such menial tasks which are classified in terms of vocational training. If these thoughts could be kept in mind, and if the minister wishes to make some comment on them, it would be most appreciated.

While I am on the subject I wonder if I could inquire whether the estimate that was referred to last night, No. 396 I believe it was, which applies to the Royal Canadian Mounted Police, will be considered immediately following completion of the Department of Justice estimates?

Mr. Fulton: Yes, to answer the last question first, Mr. Chairman; that is the intention. As soon as we are through with penitentiaries, unless there are one or two supplementary items, that will be the procedure in general. As soon as we have completed these estimates we will go on to the R.C.M.P.

On the subject of education or training in the penitentiaries there are two main types involved which you might call academic training and vocational training. We have at each institution a number of professional teachers who are responsible for the carrying out of the academic education of the inmates. In addition there are at all the penitentiaries facilities for vocational training, although the main facilities are concentrated at Dorchester, British Columbia, Saskatchewan, Collins Bay and at the federal training centre at St. Vincent de Paul.

The total expenditure for the fiscal year under review or materials involved in vocational training is $45,400. Those materials are broken down into $950 for training films, $4,210 for printing and stationery and $40,240 for materials. That does not take into account all the staff devoted to vocational training instruction or the administrative overhead in that connection. That is purely the expenditure on the materials purchased to be used this year in vocational training. It takes no account of the capital equipment in machine shops and so on, which were already on hand.

The types of training given, if the hon. gentleman would be interested, are broken down under automotive, barbering, brick masonry, cabinet making, upholstering, wood

finishing, carpentry, commercial, electrical, machine shop, painting, plastering, plumbing and steam fitting, rural repairs—which means repairs to machinery used on farms and in other rural occupations—sheet metal, elementary training and welding.

Mr. Howard: I understood the minister to say $45,400?

Mr. Fulton: That is right.

Mr. Howard: I have the right figure, then. I assume, from the listing of the types of vocational training given—barbering, rural maintenance and so on—that the minister is including under this item of vocational training the normal, day to day, so-called hard labour to which inmates are sentenced.

Mr. Fulton: No, Mr. Chairman. I am informed that this whole vocational program which I have been discussing is in addition to the ordinary day to day work required to be done by the inmates. This is a program of vocational training during which the men are assigned to benches under the supervision of an instructor—not just making things for the prison or the penitentiary; not just working on a farm driving a tractor. These are courses of instruction quite apart from the day to day work expected of some of the inmates.

Mr. Howard: The minister mentioned such training centres as those at Saskatchewan and St. Vincent de Paul, as having vocational training programs under federal jurisdiction. Are any of those on the same scale and nature as the one at Collins Bay, where there is a definite combined academic and vocational training course which is a full time occupation?

Mr. Fulton: I am informed that they are all of the same nature, although they may not all be training the same number of men. They are all of the same nature, and with respect to the men undergoing training, the program at one place would be as extensive for an individual as if he had been at Collins Bay, with the exception possibly of barbering and the commercial course. The figures I have show that of the penal institutions per se more is spent at Collins Bay than at any of the others. The heaviest expenditure of all is at the federal training centre. Then Collins Bay, $9,525—that is on the material used in the vocational training; Saskatchewan, $6,120; British Columbia, $5,625; and Dorchester, $3,775.

Mr. Howard: At Collins Bay, as I understand it, an inmate who spends two or three years there, or whatever period of time he has to serve, in some program of vocational training, gets a certificate of competence if he passes the tests and performs his work well, and arrangements exist with the apprenticeship branch of the province of Ontario and, in some instances, with some of the unions in the building trades under which such persons can apply part of the time spent in training at Collins Bay toward the period of time which would be spent as an apprentice following a trade. Does a similar arrangement exist arising out of vocational training done in other penitentiaries, or is it confined to Collins Bay?

Mr. Fulton: I am advised that the arrangements in Ontario are more advanced than they are in other provinces. That would cover Collins Bay. It depends to some extent on the provisions of the provincial apprenticeship acts, as the hon. member will appreciate, and I am informed that attempts are being made to bring the same arrangements into effect to as full an extent in the other provinces as is presently the case in Ontario. But we have to admit we are more advanced in Ontario in this regard than elsewhere.

Mr. McIvor: Mr. Chairman, I think it is only fair to state that I know of one case of a young man who was not making good, and who had committed crimes in consequence of which he was sent to Stoney Mountain. He came back a carpenter. When he applied for a job they asked him where he got his training. "In Stoney Mountain", he replied. And the contractor said, "I don't care where you got your training. If you can do the job you will get the job". And he got it.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I should like to say a word in support of the contention put forward by the hon. member for Nanaimo that active consideration should be given to decentralizing our penitentiaries so far as women are concerned. I am sure the minister, or his department, has received representations concerning this matter from a number of women's organizations who are interested.

We are all pleased to note that the number of women maintained in our penitentiaries is so small, as announced by the minister a moment ago. Nevertheless, in line with our modern acceptance of the fact that there should be no discrimination between men and women, it does seem unfair that if a man is sentenced to a penitentiary the chances are good that he will at least serve in an area where his family and relatives can visit him, whereas if a woman is sentenced to a term in a penitentiary the chances that this will be the case are very slim. I hope the consideration to be given to this matter by the minister will be very active.

I should like to ask a question with reference to a matter mentioned by the hon. member for Kingston. He referred to the new penitentiary being built at Joyceville. I wonder whether, since the new minister took over, there has been any review of the amount of money paid to, and other financial arrangements made with, Mr. Ben Franklin —I do not mean the gentleman who belongs to American history, but a gentleman alive today—concerning the purchase from Mr. Franklin of a portion of his farm which is being used for this new penitentiary.

I have in mind some questions that I asked by means of the order paper during the last parliament. The answers given by the previous minister of justice suggested to me that some quite fancy prices had been paid, and I wondered whether this matter had been reviewed by the present minister.

I have one other question to ask, and I might as well ask it while I am on my feet now so the minister can answer all these points at the same time. Would the minister comment on the fact that the grants to recognized prisoners' aid societies seem to be divided into two parts? There is an amount of $60,000 under this item, and there was an amount of $40,000 under item 173. Is there any difference in the purpose of these grants or in the kind of society to which these grants of money are made?

Mr. Fulton: Mr. Chairman, may I advise the hon. gentleman that I have not reviewed the situation regarding payment for the land that was required for Joyceville. I have understood that this was a completed contract which, however it may have been negotiated, was legally in effect, and under which payment had been authorized and, indeed, made. I have not therefore embarked on an investigation of the matter, because administratively it did not seem that there was very much that could be done. If information comes to my attention—if the hon. gentleman or any one else were to give me information—suggesting that the contract should be reviewed from the point of view of possible revocation or rescission, I would be ready to consider the matter. My information is that there might be objections as to the way in which this was done, but that it is a closed incident.

On the question of the division of the amounts to be paid to prisoners' aid societies, the reason for that is fundamentally that the work done by the prisoners' aid societies in connection with those who are out on ticket of leave, the supervisory work, advice, care and so on, is done on behalf of the remission service. That is why there is an amount under that item. There is in addition the work done under this item by the prisoners' aid societies in connection with the counselling and issuing of advice to prisoners and their families while the prisoner is in the penitentiary prior to his discharge or release on ticket of leave. That is why there are two items in the estimates.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): I notice that each of these items has been increased by $10,000 from what was provided in the previous fiscal year. Do the new totals now meet reasonably well the needs of the societies in this field?

Mr. Fulton: I am advised that it is expected this year the amount of $60,000 included in these estimates will be adequate to meet the need and that next year we are asking for a similar amount, namely $60,000. In the two years the distributions we will have been able to make to these societies will have been approximately 20 per cent more than in previous years. They are doing a magnificent job. Very likely we will be asking them to do more as the recommendations of the Fauteux commission report are gradually implemented, but as yet I cannot make any definite statement as to what amounts will be asked for in subsequent years. I can tell the hon. gentleman only that the increase this year over last year is believed to be adequate, and the same amount for next year is hoped to be sufficient to meet the needs.

Mr. Bryce: Mr. Chairman, I have two questions on this item. How many trades are being taught at Stoney Mountain, and in how many penitentiaries are the young prisoners segregated from the older and more hardened prisoners?

Mr. Fulton: I am informed with regard to the second question asked by the hon. gentleman that in all the prisons the greatest possible care is taken to ensure that the living and sleeping quarters of the young inmates, the first offender type, are separated from the similar quarters for the older and more hardened type of inmate, but it is not possible in the institutions as they exist at the moment to have complete segregation in that in many cases their recreation periods may be spent in the same place and they may eat in the same place and go to church at the same time. But in so far as possible for the important periods of the day there is the maximum segregation that the physical accommodation permits.

As to the number of courses taught at Stoney Mountain, I am informed that bricklaying and stationary engineering are taught as special vocational training courses. There is the usual academic instruction to which I referred earlier, and in addition there is the normal on the job training in the shops and on the farm.

Mr. Bryce: Would it be the policy of the present government in building new prisons or in constructing additions to existing prisons that may be made from time to time to make arrangements so the young prisoners and first offenders could be located in one prison while the more hardened prisoners could be kept in one of the older prisons?

Mr. Fulton: That is the accepted theory of prison construction and prison administration, and as quickly as we can do it, it will be done. I am informed that in new construction it will be the basis of design. With regard to the older types of prisons, in so far as we can make modifications and indeed in so far as the designs of new prisons will permit, it will be the intention to segregate as between institutions where that is practical; and that will be borne in mind as a desirable principle.

Mr. Thompson (Edmonton-Strathcona): Mr. Chairman, I note that a large number of instructors, grades 1 to 10, and rehabilitation officers grades 1 to 8 are employed in our penitentiaries. Could the minister inform us for how many of these positions, if any, university degrees are required?

Mr. Fulton: In the vocational training branch of the instructional work of the department it is more technical training that is required, and therefore there probably would not be very many, if any, where a university degree is a requirement. In the academic training the requirement is the normal teacher's certificate of the province from which the instructor is recruited, although extra salary allowances are made for those in possession of higher degrees of qualification. We also have in addition our special highly trained personnel such as psychiatrists, doctors and other prison personnel where a university degree is of course an absolute requirement for appointment to the position.

Mr. Thompson (Edmonton-Strathcona): Mr. Chairman, am I to understand, then, that among the rehabilitation officers there may be university men employed but that they will receive additional salary which is not shown in the estimates; or does it mean the top rating shown in the estimates is for university men?

Mr. Fulton: Mr. Chairman, I think the reason I have not answered the hon. gentleman's question satisfactorily is that I thought he was relating it to the general question of administration. The details he is now discussing are contained in vote No. 183. We are now discussing vote No. 182. Would it be agreeable to the committee if we were to carry 182?

Some hon. Members: Agreed.

Item agreed to.

183. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $11,002,925.

Mr. Fulton: I cannot give the hon. gentleman the information at the moment. All I can say is that some would require university degrees and others would not. We would have to have a complete breakdown of the establishment at each institution in order to give a complete answer. I could obtain that information and give it to the hon. gentleman later if he wishes.

Mr. Thompson (Edmonton-Strathcona): It is not necessary to answer my question to know how many are actually employed. I was attempting to satisfy myself about the salaries being paid to university men. It would appear from what the minister said that some of these salaries fall within those shown in this table. I should like to ask the minister whether he believes that the salaries shown there are commensurate with the type of training required to obtain a university degree?

Mr. Fulton: No, Mr. Chairman. One is always conscious of the fact that you are not paying salaries as high as those which theoretically, and indeed perhaps absolutely, it would be desirable to pay. All I can say is that the last salary revision which took place in May of this year was made absolute throughout the penitentiary staff, and the commissioner and all the senior administrative officers are fully conscious of the desirability of getting highly trained men at every level where it is sensible to have a person with a good background of education and training. I am told that in the group to which my hon. friend refers, namely the rehabilitation officers, the effect of the general increase of last May would be an average of $300 a year.

Mr. Christian: Mr. Chairman, in regard to item 183, I would like to refer the minister to page 253 of the estimates dealing with the

item, office stationery, supplies and equipment, $9,800, as compared with the previous estimate of $8,000. In other words, there is an increase of $1,800. First, I should like to know the reason for the increase. Then, I have a further question which probably relates to the Department of Justice as well as to the other departments of government. When office stationery, supplies and equipment are ordered what is the method used? Are tenders called in all instances, or what is the rule? This question is important because of the fact that a lot of equipment, supplies and office stationery is used in government service. What is the method used in the purchase of such supplies?

Mr. Fulton: The office stationery, supplies and equipment are, in the main, not in total, purchased through the queen's printer, which falls under the Department of the Secretary of State. There is an increase in this item. I might point out we have gone back to item 182 now, but I do not mind dealing with the matter. This item provides for the purchase of printed forms, including those printed at the penitentiary and those purchased through the department of public printing and stationery; stationery, envelopes, blotting paper and other office supplies such as pens, pencils, letterheads, carbon paper, stencils and other paper supplies; office machinery and equipment.

The main reason for the increase of $1,800 is the construction of the new penitentiary at Joyceville, which was a major undertaking and involved a great deal of supervision from headquarters—we are dealing here with the administrative item—and in addition the general, steady increase in the operations and to some extent in the population of the penitentiary system in Canada, but the main reason was the construction program at Joyceville.

Mr. Knowles (Winnipeg North Centre): Has the minister any figures showing how many inmates are permanently disabled while in penitentiaries and thus entitled to draw the compensation referred to in this item, and what is the basis on which the compensation is computed?

Mr. Fulton: At the present time we are paying compensation to three inmates who were disabled while in penitentiary.

Mr. Knowles (Winnipeg North Centre): Is the basis similar to that of workmen's compensation in the provinces?

Mr. Fulton: We consult the workmen's compensation board of the province in question and the employees' compensation branch of the Department of Labour in arriving at the appropriate amount to be paid.

Item agreed to.

184. Construction, improvements and equipment, $2,365,555.

Mr. Christian: This item involves $2,365,555. Will the minister give us the particulars of the individual amounts, and especially the item of $73,470 in regard to British Columbia.

Mr. Fulton: Mr. Chairman, I should say at once that this is the second item in my estimates in which I shall be asking the committee to approve of a reduction. I shall ask my colleague, the Minister of Fisheries, to move that the amount of this item be reduced by $1 million.

Mr. MacLean: I so move.

Mr. Fulton: When the chairman has put the question I will give an answer to the question.

The Acting Chairman (Mr. Rea): Moved by Mr. MacLean:

That item No. 184, construction, improvements and equipment, $2,365,555, be reduced by the amount of $1 million.

Mr. Fulton: Before the motion is carried perhaps I should say a word about this item and answer the question of the hon. member for Okanagan Boundary. The main reason for the substantial vote here, as compared with last year, is, of course, the Joyceville construction program. It was found, therefore, that a good deal of time was consumed in the negotiations for the purchase of the site and agreements on the purchase price. Then, in addition, there was the work that had to be done in clearing and levelling the land before the contracts could be let for the construction of the buildings, with the result that it has not been possible to spend in the fiscal year the amount that it was anticipated would be spent by way of actual contract-letting before the fiscal year was over.

As a result of the request that was made to all branches of the department to study their estimates and see where reductions could be made, I am advised that a reduction of this substantial amount can be made here without in any way prejudicing the actual construction program.

To answer the question of the hon. gentleman from Okanagan Boundary as to the item of $73,000 for British Columbia, which is found on page 256 of the estimates, the item for construction or acquisition of buildings and works is $53,675, and the total for warehouse building is $20,000, which I think accounts for $73,675. There is a discrepancy there of about $125 and I shall see if I can find it.

Mr. Chevrier: May I get from the minister some further explanation of the motion to reduce item 184? Is it the intention to take up this reduction of $1 million in supplementary estimates or is the program for construction under that item being effected by the removal of certain buildings? I do not know that I understood fully the explanation which the minister gave a moment ago and I wonder whether he would be good enough to supplement it.

Mr. Fulton: The main reason why we are able to move a reduction in the construction item as shown is that it has not been possible to proceed with the actual construction of the new institution at Joyceville as rapidly as possible due to delays in the final negotiation of the purchase price of the property and payment of that purchase price; due to delays in the architectural design of the building and to the necessity of extensive levelling and clearing of the site. The result is it will not be possible actually to let contracts during the fiscal year for the full amount anticipated, and I am advised that we can safely reduce the item by $1 million. We have items in the supplementary estimates but I believe in the main they were submitted before we found it possible to reduce this construction item and they are in different votes.

Mr. Chevrier: Does this item refer exclusively to the building at Joyceville?

Mr. Fulton: Yes.

Mr. Chevrier: And the progress of the building will not be interrupted? It will be continued and the money will be voted in some other item?

Mr. Fulton: No, the money will be voted next year in the 1958-59 estimates. I may say I went into this fairly carefully because I was concerned lest, as a result of the reduction, we might be lessening the chances of providing additional employment through construction this winter. I am advised it is simply not possible. We have let all the contracts we can covering the stage to which preparations and planning have now gone, and therefore this is simply an item which does not reduce our power to provide employment this winter.

Plans are continuing to be prepared. We have the matter fully covered in next year's estimates and contracts will be let on a continuous basis but they cannot be let before March 31. I might also say for the information of the committee that to date contracts for construction have been let totalling $804,287 for administration building No. 1, power plant building No. 12 and the steam generating plant and high level water tank. Tenders have been called for the hospital and chapels building No. 2, accommodation building No. 3, automotive and shop building No. 11, and other tenders are expected to be called prior to March 31 for the stores building, maintenance shop and laundry building, shop building, and kitchen building.

Mr. Winch: Is it not a fact that a great deal of the construction and improvement work in penitentiaries is done by the inmates themselves? If that is the case, and I know it is because I have seen some of that work, has consideration been given by the minister to the payment of unemployment insurance to prisoners released from custody? Some hon. members may smile but it is a very serious proposition.

Mr. Fulton: I did not smile.

Mr. Winch: If you interest yourself in penitentiary inmates and the problems of penology, you will know that one of the big problems arises in connection with the rehabilitation of those persons who are released after serving their sentences. When a man is released he has very little money in his pockets and he has not a job. When men have been incarcerated behind walls and bars for 2, 5, 10 or 15 years and are then released, being human one of the first things they want is a fling. By the time they have had their fling, and it is only human that they should, they do not have much money left and they do not have a job.

It is tough enough, particularly at the present time, for the law-abiding citizen who needs a job to find one, but when a person has a prison record it is most difficult to obtain work even though a certain amount of help is given. These people are not entitled to unemployment insurance, have no money in their pockets, and cannot get a job. On far too many occasions they develop a feeling of frustration, "what's the use", and they take up crime again and are back in the penitentiary where it costs the taxpayers $4.63 a day per person to keep them.

In view of the fact that every year we vote money for construction and improvements and that nearly all of these men are sentenced to hard labour as they should be, I think it might be an excellent investment if they were paid for the work they do by the purchase of unemployment stamps on their behalf. Then if they could not find a job on coming out of prison there would be no reason to return to their criminal ways, because they would be entitled to unemployment insurance. Has the minister given any thought to something of that nature?

Mr. Fulton: I understand that the hon. gentleman is not quite correct when he says

that the majority of the construction in the penitentiaries is done by the inmates. They do work on the farms, in the shops, and day to day maintenance and upkeep.

Mr. Winch: And building.

Mr. Fulton: —but I am informed they do not do any major construction that would be described as being of a contractual nature.

Mr. Winch: If the minister will visit the penitentiary at New Westminster he will see the wonderful work that was done there last year on the extension of the office building and reception rooms, the installation of a new system of drainage and that sort of thing. It is all being done by the inmates.

Mr. Fulton: I did not appreciate the information given to me by my advisers. The point they were making is that the inmates would not be doing the type of construction which we were referring to a moment earlier at Joyceville, but it is correct to say that they do an appreciable amount of construction work within the walls of the penitentiaries by way of remodelling and so on. I am advised that discussions have taken place with the unemployment insurance commission on the point the hon. member mentioned but we have not reached any agreement as yet. Until the unemployment insurance commission will come around to the point of view expressed by the hon. member there is not much we can do. Perhaps he would address his remarks to one of my colleagues.

Mr. Winch: I will do that.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am sure we are all happy to congratulate the minister on being able to move another reduction in his estimates. I have the feeling that it must give him particular pleasure, bearing in mind the famous phrase "what's a million", to be able to move a reduction in the amount of $1 million. However, I think we should realize that this is largely a bookkeeping matter. As I look into the details of the estimates I discover that in 1956-57, despite the fact there was a larger vote, the total amount spent under this item was $1,392,000 odd. With respect to 1957-58, even after the $1 million reduction, we will still be voting $1,365,555. In other words, the amount to be spent in 1957-58 will be more or less the same as the amount that was actually spent in 1956-57.

Hence, on that score it is really a bookkeeping transaction. The minister has also pointed out that this money will be voted in next year's estimates. In other words, it is simply a choice between voting it this year, not spending it and revoting it next year, or voting it for the first time next year. Nevertheless we still congratulate the minister on being able to introduce the motion in this particular round figure.

Amendment agreed to.

Item as amended agreed to.

626. Expenses of the Royal commission on the criminal law relating to criminal sexual phychopaths, $7,500.

Mr. Fisher: I just wonder whether the minister has been following the developments that have taken place in England on this matter and whether he has any views to express at this time on the changes that have been contemplated there in the treatment of sexual psychopaths.

Mr. Fulton: I speak subject to correction but I am reasonably certain that the report has not yet been received. My recollection of the latest position is that Chief Justice McRuer advised us that the taking of evidence and the studies had been completed and that he is working on the report at the present time. If I am incorrect, I will correct my statement and give the hon. gentleman a supplementary answer tomorrow.

Mr. Fisher: I am sure the minister is correct. I was wondering whether he was following what has been happening in the public discussions in England on these matters and whether,—how shall I phrase it—as the hon. member for Winnipeg North Centre suggests, they are receiving their active attention.

Mr. Fulton: Indeed yes. We follow these things and the officers of the department follow them, those who are interested and whose administrative responsibility will be covered. They keep abreast of them. But before we could make any intelligent conclusion based upon what is happening elsewhere I think we must wait until we receive the report of the royal commission which was set up especially to deal with the matter. They too will, I am quite certain, be following these developments in other countries.

Item agreed to.

Yukon territorial court—

698. Administration, including administration of justice—Yukon territory—further amount required, $10,000.

Mr. Herridge: I just want to say a word or two on this item. I might not be strictly in order but I intended to be here last night and was kept in my office by a visitor dealing with an extremely important matter concerning my constituency. I notice that the hon. member for Trinity-Conception was a bit sticky about one gentleman of the legal

profession congratulating another on his appointment to office. But as the most ancient of this group from British Columbia, and a very humble layman indeed, I want to extend very sincere congratulations to the minister on his appointment to the very important office he now holds. The minister's family history has been very closely woven into the fabric of the public life of British Columbia over a great number of years, to the advantage of the province of British Columbia and to the great credit of his family. I wish him every happiness in the performance of his duties and every success.

This item deals with the courts of the Yukon. However, I wanted to make this observation. I have had something to do with the courts, strictly as a spectator or a witness, and I have always been proud, in my considerable experience in that direction, of the courts of Canada. I think we sometimes fail to realize the high standard of administration that prevails in this country.

In contrast with that, I have in my files much correspondence concerning a young Canadian who was sentenced to life imprisonment in the United States in the superior court in 14 minutes. I have in my file a letter from one of the counsel concerning the case. The case occurred during an election, when the judge was seeking election as were the crown prosecutor, as we would call him, and the sheriff and when public opinion in the town concerned was somewhat against the defendant. In this letter he mentions the fact that owing to public opinion, the election and the need for votes, the prosecutor could do nothing other than recommend the maximum sentence, and the judge agreed with the recommendation on that ground. I just mention that matter in order to indicate what can happen in other countries. I am quite sure that something of that nature could never happen in the administration of justice in Canada. I mention that matter because I think some of our young people fail to realize the extremely high standards that have been maintained in this country, particularly with respect to the administration of the criminal law.

Before I sit down I want to bring to the attention of the minister something which I have had in mind for some time because of being interested in court procedure, the appointment of juries, their composition and so on. The jury system is a very important part of our administration of justice which we inherited from Great Britain where it was established shortly after the Norman conquest. It has an important function in the administration of justice. It is necessary that persons who are appointed to juries have an understanding of their responsibility and an understanding of the system.

I was just going to suggest this to the minister. I do not know whether or not he could put it into effect. Some time ago I happened to pick up a small pamphlet issued by the sheriff of Carleton county. I was very much surprised to find such a progressive pamphlet coming from such a Conservative county in Canadian history. In any event, I think the sheriff showed a great deal of intelligence in publishing a little pamphlet of information for jurors. It gives a little bit of information concerning the history of the jury system, the types of juries that are established including the grand jury, the petit jury and so on and then some information for jurors.

I think it would be an excellent thing if the practice were followed by all the attorneys general in the provinces of Canada so that all persons who are appointed to juries and who are required to act on juries might be given this information. In many cases these people have had no previous experience in jury service and in many cases they have little understanding of what a jury is. I suggest that the minister recommend to the attorneys general of the provinces that some such pamphlet be published and distributed to all persons called to sit on a jury before they commence to perform their duty. I think it would be most worth while and would give many of these people a better understanding of the importance of the duty they are going to perform, of their responsibility and of the procedures that are traditional in the jury system.

Mr. Fulton: I would be less than human, to say nothing of being less than courteous, if I did not express to my hon. friend my very real appreciation of the extraordinarily kind things he has just said about me. I know too that he says them on the basis of the tremendous interest and historical background that he and his family have in our province of British Columbia with which so much of his activities and those of his family have been so closely identified, in the Kootenay area especially, over the past three generations, anyway certainly since before the beginning of this century.

Mr. Herridge: Biblical generations.

Mr. Fulton: Yes; that is what I had in mind. I thank the hon. gentleman and assure him that I hope to deserve the kind things he said. I quite agree with him about the desirability of impressing upon jurors the importance and the very fine composition of the responsibilities that they discharge. If the hon. gentleman would be kind enough to let me have a copy of the pamphlet I think I could

give him an undertaking right now that I will get in touch with the sheriff for Carleton and ask him if he will let us have sufficient copies to send a sample to each of the attorneys general.

Item agreed to.

B—Penitentiaries—

700. To provide for a credit to the revolving fund established pursuant to vote 628 of the Appropriation Act No. 2, 1955, to meet the deficiency arising from over-valuation of inventory, $6,642.

Mr. Knowles (Winnipeg North Centre): I notice that this item is supplementary to another supplementary which in effect is supplementary to an item of a previous year. Could the minister explain it?

Mr. Fulton: Yes. This particular item arises out of the need for an adjustment of the revolving fund in compliance with the terms of section 58, subsection (5) of the Financial Administration Act. An apparent shortage in the fund was brought to light at the end of the fiscal year 1955 to 1956 amounting to $9,075. Investigation subsequently revealed that this is attributable mainly to an overvaluation of $9,141 in inventory carried at St. Vincent de Paul penitentiary and on hand at the previous year end.

Mr. Knowles (Winnipeg North Centre): That would be when the revolving fund was first set up.

Mr. Fulton: When the revolving fund was first set up, that is correct. This excess occurred as a result of its physical inventory being taken as of March 31, 1955, compared to an earlier March cutoff date in justice treasury records and this apparent excess physical value over the books formed part of a large surplus in the funds credited to "revenue" at that time. The consequence of this unreal surplus was to create a deficiency in the fund upon inventories being taken a year later which was reduced to some extent by a surplus in the operation of the fund meanwhile.

These circumstances were brought to the notice of the comptroller of the treasury who advised that it was not possible to reverse the error retractively. Thus, the artificial deficiency has been carried forward from March 31, 1955 and continued to be reflected in the revolving fund, subject to a surplus of $2,433 in its operations as of March 31, 1957. This reduced the apparent surplus, the incorrect surplus, or rather it reduced the deficiency resulting from the previous incorrect surplus to $6,642. The purpose of this item is to enable us to adjust the books by voting funds which will restore the revolving fund to its correct amount as at April 1, 1957.

[Mr. Fulton.]

Mr. Knowles (Winnipeg North Centre): What would be the amount of that revolving fund at par?

Mr. Fulton: $300,000 at par as of April 1, 1957 but increased to $600,000 by an item in the supplementaries of this year.

Mr. Caron: On that point, I wonder if the minister just out of interest could tell us what caused the deficiency in the first place. Was it a part of the inventory that was stolen or was it overvaluation or what?

Mr. Fulton: I am informed it was simple overvaluation owing to a time lag, if you like, or a difference in the time at which the inventory was entered as against the time the valuation was taken.

Item agreed to.

The Chairman: May I ask the minister if he is ready to deal with item 181 or does he wish to let it stand?

Mr. Fulton: The hon. member for New Westminster and the hon. member for Okanagan Boundary both asked me for information with regard to the number of bankruptcies. I do not wish, Mr. Chairman, to take advantage of these gentlemen—I see that neither of them are in the house—I would therefore like to defer giving this answer until they are present. May I ask that the item stand.

Royal Canadian Mounted Police—

Headquarters administration, national police services and training establishments—

396. Administration, operation and maintenance, $7,329,030.

Mr. Fisher: Mr. Chairman, in making the comments I wish to make on the Royal Canadian Mounted Police I would like at the start to underline that there is no particular prejudice in my mind against the force but through a contact I had with them a number of years ago—in fact during the thirties—my first impression of the mounted police was when I saw them equipped with a wand of ashwood going to work on some marches across the country and ever since then I have had a quizzical eye cast towards them.

One of the things which is bothering me is the fact that they have been identified with comic strips and glamorous stories and have become a tourist symbol synonymous with Canada itself. There is nothing wrong with that at all, but the stricture that comes to mind is this organization which is so glamorous and so popular and which has had such a tremendous expansion in the last 20 or 30 years until it now has a budget of $40 million or more and is a very substantial force also happens to be our security or you might say our secret police force.

I want to bring into this discussion the words of one of our intellectual mavericks

Professor Lower of Queen's University, who has put in a way much better than I could the fundamental danger in terms of individual liberties in the present trend of the R.C.M.P. organization in its relationship to security. The remarks of Professor Lower were occasioned of course by the Norman case and the fact that the R.C.M.P. sent a report to Washington in October 1950 which informed the United States security agencies that it had received a report from one of its secret sources that Mr. Norman was a member of the Canadian communist party. Later on the R.C.M.P. informed the United States authorities that they had discovered this was a case of mistaken identity. However, Professor Lower says in the July 6 issue of *Macleans* in an article entitled "Is the R.C.M.P. a Threat to Our Liberty?":

> Few more damning statements about an agency of government can ever have been published. Here is a responsible branch collecting any and all types of hearsay and rumor from "unidentified subsources"—in other words, tittle-tattle passed on by irresponsible gossiping—and handing it over to the American secret police, whence it later turns up in congressional committees which, whatever their purpose, publicize it throughout the world.

I realize that the minister is not responsible for the growth of the R.C.M.P. over past years or for its policies or activities, but I am wondering if he shares or has shared any of the concern, as someone interested in justice and in the operation of our security system, in the point of view of individuals concerned with liberty such as Professor Lower and, I might add, myself. Professor Lower goes on at page 57 of his article to say:

> Yet apparently rumour-collecting is one of the R.C.M.P.'s functions. Worse still, it hands this trash over to representatives of a foreign power, for them to use at their discretion. Surely such activity is more dangerous to our liberty than the threats it is supposed to guard us against.

May I point out that I cannot guarantee that the expression of opinion by Professor Lower is the exact or complete truth, but I do think it is sufficiently accurate and expressed of opinion that we should have from the minister a statement with regard to it.

During the war, as was pointed out, there was a tremendous emphasis on security. Many members of parliament became conscious of it in relation to the fact that some of their constituents wished to become citizens but discovered that they could not get citizenship papers. As I mentioned this morning, there was some kind of review, and I believe the Royal Canadian Mounted Police played a fundamental role in this. A number of people have had the embarrassing experience of getting to the boundary of our neighbour to the south and discovering that they were not allowed into the United States because, somehow, a secret report had apparently been filed with the United States authorities.

I think all this requires one to pinpoint the operations of the R.C.M.P. in this regard, and I might in closing express the hope that the minister will seriously consider separating the secret police functions of the R.C.M.P. from the other aspects of its work which have been so glamorized and put forward as something identical with Canada. There is nothing evil about this work, and it has to be done, but I think it is a function which could be separated from the other duties of the force.

There is one further question I should like to ask in connection with the R.C.M.P. and that is whether any discussions have taken place with regard to the Royal Canadian Mounted Police Act, section 37, subsection 2 which deals with the unauthorized use of the words "Royal Canadian Mounted Police" and its utilization as any sort of trademark or symbol in commercial activities.

Mr. Cameron: Mr. Chairman, I should like to pursue the heart of the matter which my colleague from Port Arthur has brought up, because there has come to my attention what is, in my view, a very dangerous position. I had the experience two or three years ago of receiving a letter from a personal friend who asked me if I could make some inquiries about a situation in which he found himself involved. He is a member of an international organization—not a labour organization, but an organization which is international in North America—and he was chosen as a delegate to attend a conference in the United States. He made inquiries from his employer to obtain leave of absence to attend this conference, but he was informed by his employer that it was useless for him to take this leave of absence because he would not be permitted to cross the border, as he had been the subject of an investigation by the R.C.M.P. Naturally enough my friend was rather dismayed about this, and it turned out later that he was almost the only person in Nanaimo who did not know he was being investigated by the mounted police, that he was being investigated on the suspicion of having communist affiliations.

There are two points involved here. The first is that the two officers who, I found, conducted the investigation were—and I am trying to put the most charitable construction I can on it,—political innocents, babes in arms who were quite incapable of assessing whether or not a certain individual had communist affiliations or sympathies and, moreover they failed signally to contact people who might very readily have supplied them

with the whole of the background on this particular man who is a native of the district and whose record is an open book. They never contacted me, although it must have been known to them—it should have been at least—that he was my financial agent in the election of 1953.

There is another angle to this. I cannot avoid the conclusion that this investigation was instigated and initiated not by the R.C.M.P. but by the security agency of another power; that, in effect, the R.C.M.P. was in this instance acting as agents for the federal bureau of investigation. Indeed, this became perfectly evident later when we found that officials of this organization in the United States had been anxious to have this particular man, and others in Canada, excluded from the convention in the United States.

I was quite understandably, not given any definite information with regard to this matter when I applied to the mounted police headquarters, but I do think that what is involved here is a very serious question. I quite understand that the security forces of both the United States and Canada must work in conjunction in certain matters, such as certain criminal activities, but I do think it is an intolerable situation when Canadian citizens are subjected to an investigation at the instigation of a foreign organization in respect of points of view, and even definite affiliations, which are not contrary to Canadian law. In addition to that, I would point out that the investigation, in this instance at any rate, was carried out in the most clumsy and amateurish manner and caused the most acute embarrassment to my friend when it turned out that all his friends and neighbours had been contacted and asked if they thought he had communist affiliations and sympathies.

I should like to have some assurance that in future the R.C.M.P. will be given firm instructions that they are not to investigate the private lives of Canadian citizens at the instigation of a foreign power except on suspicion of some contravention of the Criminal Code of Canada. In this particular instance, of course, the matter was never cleared up. It was merely dropped, and my friend got across the line to the United States. But today most people, if not everybody, in Nanaimo know that my friend was investigated by the R.C.M.P. They do not know what he was investigated for, and they do not know whether the matter was ever cleared up. What happened has caused the most acute embarrassment.

So, Mr. Chairman, I suggest we should carry out investigations of Canadian citizens only at the instigation of Canadian authorities, and that when we do so we should employ people who can be relied upon to have some knowledge of the sort of thing they are investigating. This is a situation which needs to be cleared up, and it can, I think, be cleared up by decisive action on the part of the minister.

Mr. Peters: I also should like to say something on this matter. A number of years ago when I was attending school in Ottawa it was brought to my attention at that time there was an organization interested in organizing the student bodies of colleges across Canada, and there was some question of whether or not that was a left wing or a very left wing organization. I was delegated to go to various sources and find out whether it was advisable for the college which I was attending to affiliate or not. One of the places to which I went was the R.C.M.P. headquarters here in Ottawa. We discussed the case, and I mentioned several people who were involved and of whom I had some previous knowledge. But I was very surprised when the commissioner at that time suggested to one of his assistants that he check on the files of myself and one of the other gentlemen about whom I had been inquiring. And I was very surprised when they brought out a file on myself which was much larger than the file on the other gentleman. The commissioner told me that this file contained information, not of a criminal nature of any description, but information strictly of a political nature. It was a political file. It mentioned the fact, among other things, that I had been partly responsible for placing a petition before the House of Commons, and matters of that nature. Returning to the purpose of my visit, the commissioner asked me what information I had on this gentleman. At that time I took my leave and told him that I could get the information and he could get his information the same way.

The question I ask is this. Why should that file have been kept in the first place? Are those the only files that are kept? I have been told by other people that there are files kept on everybody in political life which are in the possession of the R.C.M.P. in Ottawa. I have been informed that these files contain excruciating details about the people concerned. In fact I was told that one contains a certain gentleman's record, a report on his performance in a baseball game. There was some question, I understand, of his applying for a pension at one time through the D.V.A. and the information that he had knocked out a few home runs

was recorded in that file. I suppose he was not eligible for a pension because he was in good condition.

Mr. Knowles (Winnipeg North Centre): Did he knock them into the left field?

Mr. Peters: I was not advised into what field he knocked them but he certainly must have knocked them into the political field in order for the mounted police to have kept a record of it. I have another question to raise. Under what circumstances does the R.C.M.P. have the right to demand information given by those people who saw fit to volunteer in the last war including fingerprints and other identification marks? Under what circumstances and conditions are they allowed to distribute that type of information across the country?

With regard to the political file kept on myself I wish to point out that it is also kept at all the border crossing points. I am using my own case as an example because it is one of hundreds and after being checked it was found that there was nothing criminal involved in it. Whenever I go to cross at a border point, without any questions being asked in particular except my name and a few other pertinent facts, I am asked to step inside and they haul out the file examine it and then comment that everything is fine, there is nothing in it.

I am wondering if the R.C.M.P. have set up files of this type as anti-labour files to be used in certain instances? In cases where files are maintained, under what circumstances is the information contained therein given to the provincial police force, the municipal police, and municipal and provincial courts of law. Is the information that is kept distributed generously and indiscriminately to other sources. Is the purpose of the R.C.M.P. in small communities to supervise such acts as the one in which the Minister of Justice has been so interested relating to the improper use of comic magazines and that type of thing or is that administered by some other group in this country. I am inclined to believe that the police spend more time on this political aspect than they do on some of the work they are supposed to do. If a file is maintained on myself I am quite sure there is no one in the House of Commons today on whom the R.C.M.P. do not maintain a file. If that is so, how many personnel are involved in this and to what extent is the provincial police force used for that purpose?

Mr. Fulton: Mr. Chairman, I think I must answer one of the remarks made by the hon. member for Timiskaming immediately. I understand and I think I can state as a fact that there is not a file kept on every one in public life in Canada. Files are started only if there comes to the attention of the police, either of their own discovery as it were or by virtue of some report which they receive, information which appears to warrant the starting of a file in connection with anyone whether he be in political life or in any other form of activity. It will I am sure be appreciated that quite often information is received which, if correct, would warrant the gathering of further information, the opening of a file and the conduct of an investigation. In many cases the investigation reveals the fact that the original information received was not correct and the file then becomes inoperative. It is still retained on file, it is true, but it is inoperative and nothing further is ever done with it unless some organization, it could be a police force, which has a legitimate interest in knowing what information is on that file and some one who will establish his entitlement or right to get that information asks for it. Only in such a case is the information given to any one other than the proper authorities in the police force itself.

I think I must at once correct what would otherwise stand as uncontradicted assertions, namely that there is a file on everyone in political life. That is not correct. The other assertion that information is distributed across the country, I can assure the hon. gentleman, is not a correct assertion. It is given only to persons who establish their right to it and their proper interest in the matter and who must also establish the fact that they will keep it confidential in the way in which it is supposed to be kept.

Mr. Lewry: Mr. Chairman, on the point the minister just mentioned, during the last election campaign in Saskatchewan a member of parliament at that time was reported to have had available to himself, and was flashing on the public platform in a constituency which I will make clear now was not my own, a portion of an R.C.M.P. file on a man of different political opinion from himself. The minister said the information would be made available to members of the police force and I am interested in knowing if such information would be made available to a member of parliament or any other officer within the government for use for political purposes? I should like to have the minister's assurance that this is not the case.

Mr. Fulton: Mr. Chairman, if I said what the hon. gentleman suggests that I said, I was incorrect. It is not given to every policeman. It will be made available to the proper

authorities in other police forces, not generally to the members of other police forces, if a file is requested and proper entitlement to it is established.

With regard to the specific question, I can only say that not only is a file not made available generally but the existence of a file is not made known except to a person authorized to receive the information that a file exists. If a member of parliament, as the hon. gentleman states, had a portion of an R.C.M.P. file and was, as he said, flashing it around, I can only assume that it came into his possession improperly. If he were shown a file on a confidential basis in connection with some matter in which it was felt he might have had a legitimate interest then I can only say he was in gross breach of the confidence which was reposed in him when he was shown that portion of the file. A file would never be made available to anybody on the basis that it might be used on a political platform.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I wonder if the minister would pursue the point raised by the hon. member for Timiskaming when he said that in his case when he attempts to cross the international border there seems to be some evidence that there is information at the border that there is a file on him. I gathered from the account given that the border officials look into the file and see there is nothing there. Would that accord with the minister's information that there would be knowledge on the part of the border officials of the fact that there was even an inoperative file back in the office of the R.C.M.P.? In relation to this I express the view that if a file becomes inoperative then it is clear that there was nothing that needed to be investigated at all. If that is so, why should that file continue to exist at all?

Mr. Fulton: I understand the hon. member for Timiskaming is referring to the United States border officials, not the Canadian.

Mr. Peters: I presume the Canadian officials also. The file that I know of is at Detroit and Rouses Point.

Mr. Fulton: When the hon. gentleman is subjected to this questioning is it by the Canadian border officials or the United States?

Mr. Peters: I think it is the Canadian, whomever you have to see.

Mr. Fulton: If you are going across the border usually you have to report out at the Canadian immigration and report in at the United States customs and immigration. When you come back you report out at the United States immigration and report in at Canadian customs and immigration.

Mr. Peters: I am not sure which it is.

Mr. Knowles (Winnipeg North Centre): Whichever way it is, does it not point up the situation? If there is what the minister refers to as an inoperative file, and if the knowledge in that inoperative file is placed in the hands of border officials on either side of the border, is that not in contravention of our concepts of civil liberties?

Mr. Fulton: We are talking so much in the dark here that I find it difficult to give a definite answer. If the information were in the hands of the United States border officials then, of course, we would have no way of regulating what they did with it, even if it were inoperative.

Mr. Knowles (Winnipeg North Centre): Who gave them the Canadian file. How would they get it?

Mr. Fulton: The information might have come to their attention in any one of a number of ways and I am going to suggest a way which will show how difficult it is to deal with this case in broad generalities and without knowing what are the facts. It is quite possible, for instance, that there may be a notorious criminal with the same name as that of the hon. gentleman. That is not a far-fetched possibility. His name is not an unusual one, and therefore it would be quite normal for our border officials, in normal co-operation with the United States border officials, to be informed—

Mr. Knowles (Winnipeg North Centre): There might be a two-gun Fulton.

Mr. Fulton: That is quite possible. The Canadian officials might be informed that this person may be crossing the border. Somebody turns up with that name and the proper officials on both sides of the border would check to make sure whether he is the man on whom they have the file and for whom we are watching, or whether he is somebody else, let us say, Smith, other than the one in the file. I do not think any hon. member would object either to that exchange of information between ourselves and the United States authorities or to our border people or their border people keeping those files on hand. That may not be the explanation of the case of the hon. gentleman, but I do not know what the situation is in his case, in the absence of concrete information. It seems to me that what we are all indulging in is speculation that will not help anybody.

Mr. Cameron: Perhaps I can clear up that part of the situation by completing the story

I told you a little while ago. I was informed, after I had interviewed the commissioner, that I could inform my friend in Nanaimo that he would have no difficulty in crossing the border. Presumably the Canadian authorities have no particular interest in preventing Canadian citizens in crossing the United States border. That is something for the United States officials to be concerned about. Therefore if my friend had any difficulty in crossing the border it could only have been on the basis of information supplied to the United States officials, and it would have been information not revealing that he was guilty of any criminal activity in Canada at all or being in any position that is against the Canadian law.

Mr. Fulton: I think the hon. gentleman's statement is too sweeping when he says that the information given to the United States officials could only have come from a Canadian source. I think that is making too wide a statement. Let me put it to him in reverse. We have a large number of border crossings from the United States into Canada. It is the policy of the Canadian government, and I believe it is the policy of the Canadian people, that we should not admit into our country persons who are undesirable. We do not have any information on them but when they present themselves as applicants to cross the border the only place where we can get that information is from the country of origin. Yet we require that information to determine whether a person is suitable to be allowed to cross the border, whether as an immigrant, a visitor, or in any other category, and if we require that information from countries from which people come to cross our border we will not get very far in receiving that information if we in turn were to refuse to give the information in our possession on persons in Canada who may be crossing the border the other way. It seems to me the matter is as simple as that. I would be quite prepared to accept the criticism and to regret it and to assure the hon. gentleman that we will do our best to improve the standard where he says that the investigation was conducted carelessly and resulted in embarrassment and perhaps even unnecessary suffering and some loss on the part of the person investigated.

I make no comment on the justification of the investigation because I do not know the facts. Anyone in charge of a department and of a force would say, as I say now, that the desire is to have the best qualified persons employed in that force and carrying on the work of that force; and certainly with respect to the security type of work that the hon. gentleman has brought before us today it is necessary to have the highest degree of skill in order to carry out that sort of investigation. It may be that the investigation was not carried out with that degree of skill; I do not know, but I can say that it is my desire and the desire of the commissioner constantly to improve the standard of all branches of the force so that there should be no cause for complaint on that or any other ground.

On the ground of the general proposition that information is exchanged I think it would be obvious that information has to be exchanged. It seems to me that the thing to be looked at is that we control the exchange of information and we certainly control the accuracy of the information and that we control the release of the information.

Mr. Cameron: There is another point that should be cleared up and that is, what yardstick do you apply to the term "desirability" because we have a rather different yardstick in Canada?

Mr. Fulton: In what context?

Mr. Cameron: We have a different yardstick from that which obtains in other parts of the world, particularly in the United States?

Mr. Fulton: In what context does the hon. member use the word "desirability"?

Mr. Cameron: The minister mentioned the fact that it was our duty, if you like, to make sure that a person was a desirable person. In Canadian law a person may be a perfectly desirable Canadian citizen, but there might be other countries which do not regard him as being desirable for reasons which we do not consider valid. Does the minister apply their yardstick to Canadian citizens?

Mr. Fulton: No, my understanding is—and I shall look into this to make sure that I am correct—that we do not in any case where Canadian authorities are asked to investigate make any attempt to assess the result of the investigation. It is merely a factual report that goes out and it is up to the persons who may be applying, who are interested in receiving the information, to assess it and apply their standards. In the same way, if we ourselves were to receive reports we would not rely on someone else's assessment; we would have to make that assessment ourselves in accordance with our own standard.

Mr. Macdonald (Vancouver-Kingsway): Since the hon. member for Timiskaming has referred to himself and said there is a file that may be his but probably is not his at all, I should like to say something that he was too modest to say, and say it with some knowledge of the labour movement and some knowledge of my hon. friend. He is well known in the labour movement as one of those

who have had a great deal to do with ridding Canadian trade unionism of communist or foreign influences. He happens to belong to a trade union with which I am familiar and which succeeded some time ago in ridding itself of these influences. I happen to know that he is actively associated with the group in that union that succeeded in doing that. Part of the record of Canadian labour, which has a very low degree of communist infiltration, is due to the painstaking and hard-working efforts of people like the hon. member for Timiskaming.

Mr. Fulton: Mr. Chairman, I used an example. I must confess that I probably should have known but you see that we do not keep very complete files in the R.C.M.P. I did not know of the hon. gentleman's background. I used an example in that case because I do know the hon. gentleman's name and I know it is quite a usual name in Canada. That is the only reason I say it might well be that at the border there are files on other people with the same name. That was the only reason I gave that example. Perhaps I should have used the name "Smith", but then there are some members in the house by that name and I might have offended them.

Mr. Cameron: Would the minister answer this question? Does the Royal Canadian Mounted Police undertake an investigation of any Canadian citizen at the instigation of a foreign power?

Mr. Fulton: I think the answer to that is that we would exercise our judgment as to whether it was a proper request, whether there was any proper interest established, either on their part or ours, which would justify us in carrying out such an investigation.

Mr. Knowles (Winnipeg North Centre): In discussing the exchange of information a few moments ago the minister said that it was not the endeavour of the Canadian authorities to assess the meaning of information but rather just to give the F.B.I., for example, factual information obtained as the result of an investigation in this country. It seems to me that one of the matters that should be considered, in the review of these procedures which I hope the minister will undertake, is the fact that in another country the assessment made of facts that are understood in the Canadian context might be quite unfair.

I think, for example, of some of the organizations that we may have had in our Canadian colleges and universities in the past. Some of the names that apply to organizations of various kinds in Canada mean one thing to us and mean something else to the authorities in another country. I think that consideration might be given whether there should not sometimes go with the facts an assessment or evaluation as to the real meaning of these connections if the information is given at all. I agree with Professor Lower that we should lean the other way and be very careful about exchanging this information at all.

There are two questions I should like to ask the minister while I am on my feet. First of all, I should like to ask him if all the files of the Royal Caandian Mounted Police are open to him as Minister of Justice at any time?

Mr. Fulton: The answer is yes.

Mr. Knowles (Winnipeg North Centre): I am very glad to hear that. This is my other question. Has the Minister of Justice received from the Acting Minister of Citizenship and Immigration a request that he, as Minister of Justice, review the procedures of the Royal Canadian Mounted Police in the investigation of prospective immigrants. If the Minister of Justice has received such a request from the Acting Minister of Citizenship and Immigration has the Minister of Justice assured the Acting Minister of Citizenship and Immigration that he will meet that request?

Mr. Fulton: The Minister of Justice and the Acting Minister of Citizenship and Immigration do not go through the involved process described by the hon. gentleman. The Minister of Justice authorizes the commissioner of the R.C.M.P. to meet with the Acting Minister of Citizenship and Immigration and to discuss with him and review thoroughly the processes by which the investigations to which the hon. gentleman has just referred are carried on and also to review with him all related problems which arise when reports are received as the result of these investigations involving prospective immigrants, and the Acting Minister of Citizenship and Immigration and the commissioner carry on these discussions directly.

Mr. Knowles (Winnipeg North Centre): I am very pleased to hear that. When these gentlemen meet, will it be over two cups of tea or three?

Mr. Fulton: I will probably have a parliamentary assistant with me so it will be three.

Mr. Fisher: Since the files of the R.C.M.P. are open to the minister, does that mean that a member of parliament, through his right to place questions on the order paper, can discover statistically some of the facts about these files? I do not mean the contents but

the quantity. For example, how many inoperative files are there on members of parliament? That is the sort of question I have in mind. Would that be possible?

Mr. Fulton: It is difficult to generalize because when you generalize you give an answer without realizing its implications. I think the approach would be that such information as could be given without contravening grounds of public policy would be given and should be given, but just where the line should be drawn I am not able to say at the moment. For instance, if you answer one question, then at what point do you refuse to answer the next question? There is some danger that if you start to answer any questions in this particular field you may open a door by which you may be forced into apparent inconsistencies in subsequent refusals or else into going all the way and revealing information which might be neither in the public interest nor in the interest of the individual concerned.

All I can say there is what I said at the beginning, that whatever information can be given safely in accordance with sound policy should be given. There are restrictions against making all information known in the form of a public return. There are fewer restrictions against making it known on a confidential basis where you are satisfied as to the legitimacy of the interest of the person inquiring and of his capacity, as would be the case almost without question with members of parliament, to maintain the confidentiality with which he received the information.

Mr. Peters: Now that the government has changed, does the minister see much point in maintaining this Canadian investigation branch to investigate political probabilities? Does he see any point in maintaining the division or is he prepared to indicate whether he might be considering disposing of some of these files? I think it would hinge on whether the purpose of maintaining the file was to build up a case or whether it involved national security and citizenship matters. Has the minister given any consideration to the elimination of the part of this branch that appears to me to be detrimental to our Canadian way of life?

If there appeared to be anything that contravened Canadian law in a criminal or other sense then I would agree completely that such files should be maintained and used for reference purposes, presenting a case in court or whatever other reason might arise. However, if these files are just being maintained more or less in case somebody may need them some day, then I do not see any reason for doing so. I think the minister will agree that many of these files were initiated originally under governments of days gone by and that it might be quite proper to dispose of them if they are not serving any particular purpose.

Mr. Fulton: I am informed by the commissioner that they strip the files as and when they can. When a file is definitely inoperative or dead it would be disposed of but it is a problem as to how much of your time and effort you devote to stripping files and how much you devote to carrying on the police work for which the force is responsible. However, I understand it is not the case that a file once opened is kept forever. If the case comes to a dead end, if it becomes obvious that the purpose for which the investigation was first opened is no longer a real purpose, then the file is closed, and as I understand it it will be disposed of at the first reasonable opportunity so that no one will ever know about it.

On the question of whether we should dispense with the work of that section of the force, I cannot agree that it does not perform a very useful, valuable and important function. As I said earlier, it seems to me that the problem and the objectives should be rather to make sure that the function is performed efficiently and thoroughly and that the interest of the public and of individuals is safeguarded by the secrecy and confidentiality of the information so that it is never put to an improper purpose. It seems to me that is what the objective should be.

Mr. Ellis: For my own information I wonder whether the minister could tell the committee at whose instigation an investigation is commenced. For example, I am thinking of an employer desiring an investigation of an employee. Could he under certain circumstances make representations to the R.C.M.P. to initiate an investigation?

Mr. Fulton: I understand that investigation could not be made unless it was in connection with a defence contract; that is to say in the ordinary course of employer and employee relationships no private employer could come along and say "I want my employee investigated". He could not do that through the R.C.M.P.

Mr. Ellis: Generally speaking, on whose authority is it done or who gives instructions to the R.C.M.P. to undertake the investigation of a particular individual.

Mr. Fulton: I think the hon. gentleman must mean in the sense of an employee in a

defence industry working on a defence contract. The instruction would be received from the Department of Defence Production.

Mr. Ellis: I understand that under those circumstances an investigation might be commenced, but I am thinking of employees apart from employees working in defence industries. I am thinking in more general terms and I am wondering who undertakes the initiative or on whose instructions and recommendations are the R.C.M.P. empowered or instructed to carry on an investigation of any individual.

Mr. Fulton: I will ask the commissioner. If the Royal Canadian Mounted Police receive information which on the face of it appears to have any semblance of reliability and to contain in it anything of a serious nature with regard to the security of the state in so far as it concerns an individual, then they would investigate as a result of the receipt of that information. But, as I say, it must be information which on the face of it, has some degree of reliability and which on the face of it discloses something of concern so far as the interests of the state are concerned.

Mr. Ellis: I would gather that information forthcoming in a letter from an individual somewhere might be grounds for investigation.

Mr. Fulton: I do not suppose much attention is paid to anonymous letters. I do not suppose they are completely disregarded but they would not be treated very seriously. It is difficult to categorize the exact sort of information that might give rise to an investigation beyond the general terms which I have tried to describe.

Mr. Herridge: I have listened to this debate with great interest. I think the minister hit the nail on the head when he said that in many of these things there must be a difference between assessment of information in another country and the assessment we would give the same information. Some two or three years ago a very respectable constituent of mine—in fact, the great majority of my constituents are very respectable—was refused admission to the United States. I brought the matter to the attention of the minister's predecessor, it was investigated and later this gentleman was allowed to go to the United States. I remember what the minister told me at that time. He said that unfortunately these people on the other side often make a completely different assessment of the information than that which would be made in Canada. I think it is necessary to reconsider the procedure so that information is given having in view the fact that some things which are dangerous from their point of view are considered to be legal in Canada.

Mr. Fulton: I am glad the hon. gentleman raised that matter again. I may have been a little bit too general when I said we would not make any assessment of information. I am told that if we were reporting on an organization, for instance, we might give our assessment of the character of the organization so that they on their side could make an intelligent assessment of what membership in or connection with that organization meant. We do not just send them a factual report with no comment.

Mr. Fisher: What about the prospect of dividing or separating the security aspect of the work of the R.C.M.P. and giving it to a genuine Canadian counter-espionage security police, if you want to separate it from this other organization which has such activities as musical rides?

Mr. Fulton: In fairness I think I must say at once that the musical ride is an infinitesimally small fraction of the work of the Royal Canadian Mounted Police in comparison with the straight police work of that force which is nation-wide and which is by and large carried on at a high standard of efficiency.

However, to deal with the substance of the hon. gentleman's question, may I say that I have not really given much thought to it. We have in mind a revision of the Royal Canadian Mounted Police Act. I should be glad to have a good look at it at the time when we are reviewing the act in order to see whether any good purpose would be served by separating the functions. The hon. gentleman will understand that there is a separate division which carries on the type of work we have been discussing and specialization within that division is being increased all the time. However, I should be glad to have a look at the matter and to give further consideration to whether it would serve a good purpose.

Mr. Peters: I should like to ask the minister a question about a hypothetical case because I do not want to mention any names. As you know, on many occasions when delegations have been going to the United States for conferences, particularly from unions, people have been questioned as to their right to go. If a person is questioned and is not allowed a border crossing pass has he any right to go to the federal government, or however you go about these matters, to get these particular files that were kept on him presented in court and defend his case?

Mr. Fulton: I think the answer to my hon. friends question is that this information, in

so far as it rests in our files, has not in any sense been used against the individual. But information may have been communicated to the United States authorities. They make their assessment and they form their judgment as to whether or not the individual concerned should be admitted. I do not know of any way in which the matter could be raised here in a court in Canada.

Mr. Fisher: Could there be a repetition of the Norman case situation?

Mr. Fulton: Not under the new government.

Some hon. Members: Five o'clock.

The Deputy Chairman: It being five o'clock, it is my duty to leave the chair pursuant to standing order 15 (3) in order to allow the house to proceed to consideration of private and public bills.

Progress reported.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of private and public bills, the former having precedence. As hon. members will note, there are on the order paper two bills under the heading of private bills. Is it the wish of the house to have both bills referred to the committee of the whole at this time?

Some hon. Members: Agreed.

PRIVATE BILLS

ERNEST FRANK CROSS

The house in committee on Bill No. 181, for the relief of Ernest Frank Cross—Mr. Rea—Mr. Casselman in the chair.

On clause 1.

Mr. Regier: Mr. Chairman I know there is very much more important legislation coming up, or I hope it will be coming up before the house, than this particular legislation, indeed legislation that is of great concern to many hundreds of thousands of Canadians. However, I do want to say a few words on this case because I feel they should be placed on the record.

It has long been a tradition in the administration of justice in Canadian law courts that the defence be provided, if necessary, with adequate means to conduct as able a defence as can possibly be provided. No one in Canada is summarily condemned because of the inability to afford a defence and I understand that in the civil court, if the respondent in a divorce case pleads she is unable to afford an adequate defence, the court in most provinces in Canada then orders the petitioner to supply her with sufficient funds. I believe this is also being done in a similar manner in connection with the bills which are before a committee in the other place and that on a number of actual occasions the petitioner has been ordered to supply money.

In this particular case of Cross versus Cross the respondent wrote several letters, possibly not all of them to the right people and perhaps not in the right manner, indicating that she desired to appeal this matter before the miscellaneous private bills committee. She did not actually want to appeal but she indicated she wanted a re-hearing of this case and that is her right. She therefore appealed for the necessary funds. The committee, rightly or wrongly and I am not prepared to enter into an argument on this subject, felt it did not have the authority to order the petitioner to supply these funds. The committee furthermore felt it had no public funds of its own at its disposal which it might use to assist this lady to prepare her defence in the action which was being sought by her husband.

Some of us then asked the committee to appeal to this house and to ask this house to order the committee to ask the petitioner to supply the necessary moneys. The committee voted against this proposal and I regret that it did so. I very much regret that we, acting as an entirely independent body in our approach in each of these cases, or any action taken in the other place, are hereby condemning a woman as guilty of having committed adultery in the province of Quebec and have not seen fit to supply her with the wherewithal to present her case. I regret this action very much and it points out once again the callous disregard of human rights that obtains in this whole procedure which we are following.

Clause 2 agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 218, for the relief of Gordon Frank Skilling.—Mr. Rea.

INTEREST ACT

AMENDMENT TO ESTABLISH MINIMUM RATE

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 17, to amend the Interest Act.

He said: Mr. Speaker, the purpose of this bill is to place a limit on the interest rates that can be charged on any transaction throughout this country where federal jurisdiction would apply. I have studied interest rates that are being charged in many fields and in many areas of this country and I find that such rates are exorbitant and

excessive. I believe it is in the interests of the ordinary Canadian that this parliament should place a ceiling or a limit on the interest rates that may be charged.

Small loans companies, finance companies, many large retail firms providing instalment credit, departmental stores, loan sharks, and companies making loans for the purpose of second mortgages on real estate are in many instances charging interest rates of 15 per cent, 20 per cent or even more.

Before the banking and commerce committee in 1956 the superintendent of insurance told us that one small loans company had been charging interest rates in excess of 70 per cent per year.

I believe this problem of high interest rates is important because the amount of credit for which these excessive rates are being charged is very large and is growing steadily. I do not think hon. members should approve transactions under which the ordinary people of this country are being forced to pay loan sharks, to pay so-called respectable business firms, companies and individuals making loans these excessive rates.

Before the banking and commerce committee the year before last important amendments to the Small Loans Act were considered. They did increase the area of control over the business done by the small loans companies on loans up to $1,500 and provided a measure of control over the interest rates, though rates even within this area are still very high. On loans up to $300 the interest rate allowed by law is 2 per cent per month, which on the basis of simple interest works out to over 26 per cent per year.

Some of us in this group were responsible, I believe, initially, for presenting this problem to the House of Commons. I believe the attention that was drawn to it in parliament resulted in the former administration taking action on its own and sending a bill to the banking and commerce committee. It is my further contention that the C.C.F. group in the banking and commerce committee were responsible for the bill being reported back to parliament in such a form as to be of real service to the Canadian people, because had a minority of the Liberal members on the committee at that time, and Conservative members on the committee had their way at an earlier stage of the discussion the bill would have been killed. But the bill was reported back to the committee and on the basis of the evidence given. I think it is fair to say that those changes in the interest rates are resulting in an annual saving to the Canadian people of some $10 million a year.

The amount of consumer credit has been increasing very rapidly. I have in my hand the Bank of Canada statistical summary for November 1957 which shows consumer credit made available by finance companies and retail credit dealers to the extent of $1,903,000,000 for the latest period reported, namely for June 1957. This shows, in the case of the instalment finance companies, an increase since September 1952, when such credits stood at $1,334,000, to September 1957, when such credits stood at $821 million, an increase in that five-year period of 144 per cent in credit provided by instalment finance companies. For the same period small loans companies increased their cash loans from $139 millions to $343 millions, an increase of 170 per cent.

Department stores increased conditional sales agreements from an amount of $54 million in 1952 to $153 million in 1957, or an increase of 183 per cent. Those are the main items of increase in that general category, and they show a tremendous increase in the credit granted in this field. It is, therefore, a very important problem and one with which parliament should deal.

Mr. Bell (Carleton): Would the hon. gentleman permit a question? The hon. gentleman used the very interesting figure of $10 million in suggesting that there has been a saving of this magnitude to the Canadian people as a result of these amendments to the Small Loans Act. I did not follow him as to how he made that calculation.

Mr. Argue: I have not the source of the calculation here today, but that calculation came from the evidence placed before the banking and commerce committee in 1956 which showed the projected effect of the interest changes which were proposed and finally made law on the business being done.

Mr. Bell (Carleton): And that can be found in the evidence of the banking and commerce committee?

Mr. Argue: I am not saying it can be found in the printed evidence, it can be found, in the evidence presented to the committee in the form of documents by the superintendent of insurance and others.

If one looks at the $1,900 million of credit in this field I think it would be fair to estimate that if such a bill as is now being proposed were made law the saving to the Canadian people would be multiplied many times. I think we could assume that on the basis of a saving in this field of only 10 per cent a year of the credit that is made available there would result a saving of $190 million. When one looks at the rates of interest charged by mail order houses and departmental stores, to say nothing of

loan companies and finance companies, I think this is a fair estimate to make of the amount of saving which would result from the passing of such a measure as is now suggested.

Mr. Lambert: Would the hon. gentleman permit a question? Has he factual evidence as to the rates of interest charged by the department stores under their smaller contracts?

Mr. Argue: Yes, Eatons and Simpson-Sears, to mention two well-known firms, charge maximum rates of 54 per cent a year on their small accounts and I have all the figures and all the mathematical computations in my hand. This evidence has been presented in the house on previous occasions and presented in public. It has seldom been challenged. I used it once in a television broadcast in Regina, and then right after the broadcast a voice on the telephone said: "I have been a legal adviser for Simpson-Sears for a long time and your figures are wrong." I explained on the telephone how I had arrived at my figures. The gentleman did not agree over the telephone, so I told him "If my calculations are wrong I will make a public correction during my next telecast over this station, which is one week hence." I never heard from the gentleman further.

The fact is that this is the maximum rate that is being charged by such well known companies as Simpson-Sears and the T. Eaton Company. Last year when a similar matter was being discussed in this house the hon. member for Nanaimo told of a personal experience, how a friend of his, a clerk in a large retail store in Vancouver, was called into the boss' office after he had been employed in the company for a few weeks and told that his percentage of cash sales was much too high. The question was asked as to why that was the case. The employee was informed that the company wished to promote credit sales and this was so because they could charge a very high interest rate on such sales.

If you turn on the radio at almost any moment of the day you can hear some firm advertising something for sale with no down payment. You do not have to pay any cash but I venture to say that in almost every instance the company charges a high interest rate. Oh, they may call it a service charge, finance charge, handling charge, registration fee or something else but according to the law of this country, and as it applies now to small loans companies, any charge whatsoever is considered an interest charge.

The small loans companies by law charge 2 per cent a month on loans up to $300. They charge lower amounts on loans up to $1,500 but there is no limit whatsoever placed on the rate that can be charged by a small loans company or by any other company as the rate on a loan made in excess of $1,500.

A substantial part of retail sales today are being made on a credit basis and when this is done, in the vast majority of cases, there is a high interest charge attached to the sale. I think the high interest charge is a disgrace. I do not think it should be necessary to say that an interest rate of 54 per cent should not be allowed, that it is not something that should be a part of doing business in Canada. The principle of charging high rates of interest is so bad that just making the statement should be sufficient to convince hon. members that it should not be allowed in this country. If one followed through the results of sales promotions and high pressure salesmanship for goods purchased on the instalment credit basis one would find that much hardship results from families having to pay these high interest rates. One would find that this practice places a severe strain on the family budget in tens of thousands of Canadian homes. A great deal of hardship as far as ordinary Canadians are concerned stems from the practice of charging high interest rates.

I think it is now time for hon. members of this house in all political parties to look at this problem and see what can be done to prevent these outrageous interest rates being charged. The *Guardian* which is a publication of the united automobile workers ran a story in 1956 of a man who had purchased an automobile from a neighbour and took over a conditional sales contract, the money having been secured from the Personal Finance Company. The story relates in great detail how this man was hounded from one job to another by this company despite the fact that a substantial payment had been made on the account and despite the fact that the company had repossessed the automobile and subsequently sold it. This man's livelihood was interfered with because the company garnisheed his wages and as a result of this he was dismissed from one job after another.

The ordinary income earners of this country want something done about this festering sore in Canadian life. We have heard of a Magna Carta in the past for political rights. We need a Magna Carta today to protect the ordinary people in this country against loan sharks and racketeers whether they be so-called reputable business firms, loan firms or any other type of institution. I suggest that this kind of legislation which is now being proposed would protect the ordinary

people of this country. The 12 per cent interest rate provided in this bill is, I think, high. Some hon. members on previous occasions have said that the rate should be lower and I think a good argument could be made in this respect but this rate was proposed because it seemed to me that it was so reasonable that very few hon. members could oppose it.

We know that some institutions which do business in the small loans field, institutions that make very few loans in some instances—I am thinking of the credit unions in this instance—are able to make those loans at a maximum interest rate of 1 per cent per month and show a substantial saving and pay a dividend to the members who have done business with them. This rate would in no way affect the credit unions because they are already operating under this maximum. It would not affect the chartered banks whose rates are fixed by statute and even when they make loans on the basis of a discount their rates are still under 11 per cent per year. The establishment of a maximum rate would make it impossible for those companies which are now taking advantage of the ordinary consumer to continue charging exorbitant rates of interest.

Mr. Christian: Would the hon. member for Assiniboia permit a question. Would the hon. gentleman kindly give the date when the charges up to this maximum of 54 per cent were placed on the record?

Mr. Argue: I am not able to give you the date when it was done in the house but I will put it on the record right now. There is an interest charge of $2.25 made by either of these big mail order houses on an unpaid balance of $20 repayable in $5 monthly instalments. Before the hon. gentleman arrives at the rate of interest by means of rapid calculation I would suggest to him that the mathematical computation involved is rather complicated. Although he may have special training in this field I would suggest that he work out the actual rate with some care.

Sales of automobiles in this country are financed largely on a conditional sales basis. I have checked some of their contracts and the rates vary between 15 and 20 per cent or more. That is the field in which a considerable sum of money carries with it these very large interest charges. Mail order houses, small loans companies and others are charging these exorbitant rates. I am advised that the hon. member for Burnaby-Coquitlam (Mr. Regier) is going to make some remarks on this bill and he will demonstrate the fantastic interest rates that are being charged on second mortgages to finance the purchase of a home. I can tell the parliamentary assistant that in this very city of Ottawa I have had people come to me who have shown me their papers. In many cases they have had to pay an extremely large bonus in order to obtain a second mortgage which is just another way of saying they have had to pay a high interest rate.

On previous occasions I have suggested that this is a field in which the banks should be doing much more than they are now doing. The Canadian Bank of Commerce in the past has done a commendable job in the field of small loans and it is something which should be promoted by the chartered banks generally. As I read their reports I am led to the conclusion that they have not taken the interest they should in the small loans field in order to increase the amount of business they do in that way.

Mr. Thomas (Middlesex West): Mr. Speaker, would the hon. gentleman permit a question. What about the responsibility of these individuals who become involved in these excessive interest rates? What about their personal responsibility for keeping out of contracts of that type?

Mr. Ellis: Let the buyer beware.

Mr. Argue: I remember a former Liberal member of this house who is not here today who asked me a similar question when I was making a similar speech sometime ago. He worded it a little differently. He said he thought it was the right of any Canadian to enter into a contract to pay a high interest rate, even 60 per cent a year, if he wished to enter into such a contract. But I want to tell the hon. gentleman that very often the ordinary Canadian does not have any choice. If there is sickness in the family, if there is an emergency that has to be met, he perhaps has to have a sum of money immediately and he has no choice but to take the money where it is available.

Another thing I would suggest is that it is impossible for the ordinary person to realize the very high interest rates that are being charged. There is a friend of mine in this building who is one of the best trained persons in his field who said to me he was taken in in buying a television set by one of those companies. He did not realize the very high rates he was being charged until many months after he had purchased his set. We should not leave it to the responsibility of the ordinary person, in making a purchase or in obtaining a loan, to believe that he can avoid paying these very high interest rates.

I think the figures I have just quoted to show that in this general field of credit there

is a total of $1,900 million outstanding indicate that tens of thousands of Canadians, for one reason or another, have had to avail themselves of this type of credit, and since that is so it is a problem with which parliament should deal at this time.

Another reason I would suggest why hon. members should support this being done is the position of the small businessman, the independent merchant. I am one of those who believe that the independent merchant, the independent business proprietor, has made and is making a great contribution to the welfare of this nation. I believe that this is the real free enterprise segment of the Canadian economy and that parliament should not allow this segment of the Canadian economy to be destroyed, to wither away and pass out of existence. I suggest that the ordinary independent merchant is not able to compete with big business firms which are in the field of advancing consumer credit and charging a very high rate of interest for that credit. If they charge such fabulous rates of interest they obviously can undercut, in the retail field, the retail price that has to be charged by an independent merchant.

Mr. MacDonald (Antigonish-Guysborough): May I ask the hon. member a question? Would he consider it fair business practice to charge a credit customer 10 per cent for the privilege of giving him that credit? On the other hand, if I were selling a suit of clothes for cash, would it be fair business practice to offer a customer 10 per cent discount on that suit for cash? I am a clothing merchant, which is why I am asking that question.

Mr. Argue: Ten per cent comes under the 12 per cent suggested in this legislation. I think I have allowed a lot of questions; I think I have been very lenient with hon. members. My time is limited. My colleague wants to speak. I do not want to be discourteous but since my time is limited I think I have already allowed an ample number of questions.

I think all members have received a document from the retail merchants' association of Canada during this session. It is a submission made to the Minister of Finance (Mr. Fleming) on October 30, 1957, and it asks the government to make provision for credit for small business firms. These small businessmen, as represented by the retail merchants' association of Canada, made this very startling statement in their submission, that credit to many merchants in this country today is available only at a rate of 16 per cent per annum through wholesale houses. That was contained in the submission of the retail merchants' association. They asked that a number of things be done, and they made the following statement on page 4 of the submission:

> The situation is serious. Within the next five to 10 years, unless action is taken now, these large corporate retailers may well control the supply and price of all retail goods to all Canadians. We have seen similar developments in the automobile industry and in the gasoline business.

On page 11 of the submission we find the following:

> There is no doubt that there is an economic war in progress in the retail industry. The power of bigness, not efficiency, controls access to capital and credit.

I suggest that if the government really believes in free enterprise, if the members of the government really believe in free enterprise, if the members of the Liberal party believe in free enterprise in the best sense of the word, they should support this legislation which will reduce the charges that may be made on customer credit and therefore remove some of the disadvantages that affect small business firms at the present time.

I have other ideas as to what should be done to assist small business firms in competing with the great corporations of this country, but I suggest that this is a very urgent problem that requires attention. We should be doing something to deal with the high interest rates which are now being charged and to make sure that this part of our Canadian economy, where there is still a real measure of free enterprise, is not gobbled up by the monopolistic industries in the retail business.

Some rather disturbing figures on unemployment were presented to the house this morning by the Minister of Labour (Mr. Starr). I think the growing unemployment in this nation is another reason why the government should do something about the fabulous interest rates which are being charged. If we want to see the ordinary Canadian purchasing automobiles and television sets and buying houses then he should have the opportunity to make those purchases at ordinary interest rates. He should not be forced to burden himself and his family with the very high interest rates which are being charged. If the government would take action in the field of credit to reduce the very high interest rates which are being charged it would be possible for many Canadians to buy increased quantities of goods, which in itself would help solve our unemployment problem.

I appeal to the government not to brush this suggestion aside too quickly but to consider what is a very important problem for many Canadians and to give this bill its earnest consideration. If the government does not see fit at this time to support the principle

of the measure, I suggest that the whole question be referred once again to the standing committee on banking and commerce, that we be allowed to call before that committee representatives of the firms that are charging these high interest rates, that we have before the committee once again the superintendent of insurance and that there be a fair hearing on this whole business of extortionate interest rates. If that is done, I believe that public opinion will so impress itself on members of the house that legislation will be forthcoming.

Mr. M. D. Morton (Davenport): Mr. Speaker, I desire to make some comments on the bill before us this afternoon, and in rising to do so may I say that I am not quite sure what the status of this speech may be. Some hon. members have made their maiden speeches in the house. I have risen on three or four occasions on sort of false starts so I cannot claim that this is a maiden speech. But there are one or two observations I should like to make before I proceed to discuss the bill now before us. I have been somewhat amazed at the continual verbosity originating in one corner of the house. The more we attempt to dam it the more the superfluous overflow continues. In my opinion much of this arises from the attempt of the socialist group in the house to tamper with our affairs in the name of a controlled economy. I say not in an unkindly way that, having listened to the debates since I came into the house I am becoming more and more convinced that instead of just private members' days we should have a special day for the hon. member for Winnipeg North Centre known as Knowles day.

Mr. Argue: Every day is that day.

Mr. Knowles (Winnipeg North Centre): Let's not argue with that.

Mr. Morton: I say that not entirely by way of compliment to the hon. gentleman but from the point of view of the self-preservation of some of the private members of the house, especially the newer members, who would have liked to have more opportunity to contribute to the debates.

Mr. Ellis: Why don't you?

Mr. Knowles (Winnipeg North Centre): Put some bills on the order paper yourself.

Mr. Ellis: There is nothing to stop you.

Mr. Argue: Do not make so many false starts.

Mr. Morton: Let us pass the legislation that is before the house. The more we speak the longer it will be delayed.

Mr. Hamilton (York West): Think how long it would take if all 265 members spoke on everything.

[Mr. Argue.]

Mr. Morton: I would not like to figure out how long it would take us to finish. I do appreciate the real problem that has been brought before the house this afternoon by the hon. member for Assiniboia (Mr. Argue). I know there is a great tendency in that part of the house to encourage the idea of letting the government do things rather than encouraging our people to stand on their own feet. But there come times when the people need protection and I agree with the hon. member for Assiniboia that this is one of those occasions. Perhaps I might relate some of the circumstances that are developing in this regard and that are typical of metropolitan Toronto and perhaps all other areas. Young couples, because of the high rents they have to pay, seek to buy homes with low down payments. If they buy new homes they are given a pretty fair opportunity under the National Housing Act to buy homes within their means. If they are forced to buy older homes they make a small down payment and have a first mortgage of reasonable size and a very large second mortgage. In some cases there is even a third mortgage.

Then they have to furnish that home and in order to do so they have to buy their furniture on credit. If they have moved to the suburbs some distance from their work they have to buy a motor car also on credit. By the time they are through they have extended themselves beyond their means. Some of them have perhaps bought their furniture from various stores and reaching a point where they cannot finance on that basis they find they must refinance, go to a loan company in order to do so and have to pay another bonus and a larger interest rate.

That problem is coming more and more to a head. There is also an increasing and dangerous problem in connection with second and third mortgages coming due for payment. These young couples are faced with the problem of paying more by way of a bonus to have the mortgages renewed than they have paid off the principal in the past three, four or five years. In my opinion there is definitely a real problem in that regard that must be faced by the government.

We know that the problem of interest rates has been with us from the days of the bible. There are many quotations in the bible with respect to usury. We know that the matter has been discussed by the governments of this country before confederation and since. We know that it has been a difficult problem to deal with. In some aspects there has been a narrowing down of the problem through the passing of various acts incorporating small loan and finance companies and controlling the rate of interest

which they may charge. We have the Small Loans Act, the Interest Act and the Pawnbrokers' Act, but the problem facing us today has to do with loans made under contracts which are not covered by the present legislation.

With regard to the rate of interest, I would not like to say that the amount set by the hon. member in the bill is the rate that should be accepted. It may be too high or too low. I do not know. Before we arbitrarily set a rate I believe we should study the effect on the availability of money. It is all very well for us to state what the rate of interest should be but that does not force people to make money available. If the interest rate is not a sufficient enticement for people to make such loans, then we are faced with another problem.

How can these young couples finance themselves then in obtaining furniture, automobiles and so on? What effect is it going to have upon the economy, upon those who manufacture furniture, electrical equipment and motor cars. These are things that have to be taken into consideration. Once we start to tamper with the economy we have to follow through to the end of the implications.

In the bill the hon. member has set a figure of 12 per cent. Maybe the hon. member has the facts and figures to back up that amount and to show that the companies lending money would be interested in continuing to lend at that rate unless, of course, he is suggesting that the government should go into the lending business. I have one or two figures that I think it would be interesting to look at. The hon. member for Assiniboia has referred to certain figures. In the annual commercial review of the Montreal *Gazette*, issued under date of January 11, 1958, there is an article containing the information that as of June 30, 1956 there was $2,315 million outstanding with respect to loans, which was a 19.6 per cent increase over the previous year and that by the following September there had been an increase of 17.3 per cent over the previous year. Then it goes on to show that in June 1957 the amount was $2,472 million which was a drop in the rate of increase in the amount of money borrowed.

It would appear from the table that the amount that is being borrowed is decreasing. That may be as a result of the present pause in the economy. I think that as of the end of this year, in the *Financial Post* of January 11, at page 25 it was estimated that the consumers will owe about $2.5 billion which is roughly the same amount as at the end of 1956. There is there shown almost the same amount being owed at this time of year as there was last year, instead of the usual increase there has been in the borrowing of our people. It may be that they are beginning to find that they cannot afford these things. I think there is something to be said perhaps for the suggestion that maybe as a nation or a people we are buying beyond our means. Perhaps we are trying to obtain all the luxuries—or what were luxuries to our forefathers—all at once rather than waiting until we can afford them. Perhaps that is one of the difficulties that has created a demand which is perhaps greater than the supply. When you have a demand which is greater than the supply, naturally those who have the money are going to try to get the best bargain they can get.

I agree that it is a serious problem to protect some of these people from the difficulties they may get into. Many a young couple have been quite startled to find that they have purchased a car, television set, refrigerator or what not and that the payments are too high, and they suggest that the company concerned take back the article they have purchased. It may be six months later or perhaps as long as a year. Then they find that they are stuck because the depreciation on that article has been greater than the amount which they have paid on the loan. Then when the company take it back, either by force or voluntarily, and resell it the young couple are then presented with a bill for the difference between what they have paid and the amount obtained from the sale of the article plus the costs involved in the sale, if it has been a forced sale. Thus they sometimes find themselves with a quite sizeable debt and without the use of the article concerned.

Perhaps that may be the fault of the people for going into the contract. They should have had their eyes open. But unfortunately many of our people do not look at the cost when they go into these contracts. Perhaps in our system of education we have not alerted them sufficiently to the trap into which they might fall by trying to get things just because they like them and without considering the cost they have to pay for them.

Mr. Ellis: I wonder whether the hon. gentleman would answer a question?

Mr. Morton: I will try to do so.

Mr. Ellis: It is just prior to six o'clock. I wonder if he would inform the house whether he is going to vote for this bill?

Mr. Morton: If this bill comes to a vote, Mr. Speaker, I would vote for it though not as to the amount. I think perhaps it should

be referred to the committee, as suggested by the hon. member for Assiniboia (Mr. Argue). I still would like to see experts called to give their view about the amount of 12 per cent. However, I am in favour of the principle of the bill as set out. Otherwise I would not have spoken in the way in which I have spoken. I speak as I do from the experience I have obtained as a solicitor in Toronto in dealing with these young couples who have had this problem. As such we have had to try to assist them out of many of their difficulties. I have already mentioned our problem to our Minister of Public Works (Mr. Green) in respect of housing. I refer to the problem that may arise in respect of having to finance second mortgages with the terrific bonuses which they have to pay.

An hon. Member: Six o'clock.

Mr. Richard A. Bell (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, this seemingly simple bill is one of rather far-reaching consequence. As well, it is a hardy perennial because on several occassions in other parliaments, the hon. member for Assiniboia (Mr. Argue) has presented this bill with his usual force and persuasiveness. The attempts to control usury, as has been indicated by the hon. member for Davenport (Mr. Morton), by legislative action are now almost as old as legislation itself. It seems to me that we have reached a situation today where our society is built almost completely on credit. The extension of credit is not merely a multi-million dollar business but, according to the statistics which were given to the house by the hon. member for Assiniboia, it is virtually a multi-billion dollar business in our present day economy. Each year seems to see a widening and a broadening of the practice of instalment buying until today it is virtually the rule rather than the exception. Today it would appear that practically all Canadians have pledged their future earnings for past or present enjoyment of consumer goods, and indeed even for holiday trips. The finance company or the acceptance company has become an essential part of our whole social and economic system. I confess that I am one of those who is sometimes troubled by this trend of our society. The old-fashioned practice of thrift seems to be just that, namely an old-fashioned and outmoded virtue.

Mr. Speaker: Order. It being six o'clock the house will revert to the business that was interrupted at five o'clock.

SUPPLY

DEPARTMENT OF JUSTICE

Royal Canadian Mounted Police—

Headquarters administration, national police services and training establishments—

396. Administration, operation and maintenance, $7,329,030.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Item agreed to.

399. Construction or acquisition of buildings, works, land and equipment, $3,351,070.

Mr. Fulton: Mr. Chairman, I have to ask for a moment here because I had intended to move a reduction in this item. Perhaps if it is agreeable to the committee I might move it myself because, after all, I am moving a reduction in the estimates prepared by the previous government. I move:

That vote No. 399, land and air services, construction or acquisition of buildings, works, land and equipment, be reduced by $250,000.

Mr. Byrne: I second the motion.

Mr. Knowles (Winnipeg North Centre): You do not need to second a motion in committee.

Mr. Byrne: I could build my armouries with that.

Mr. Pickersgill: I wonder if the hon. minister could tell us if this represents waste and extravagance discovered by the Minister of Finance?

Mr. Fulton: It represents an over-estimation which for the reason I explained earlier, often happens and which we have frequently criticized in the past.

Amendment agreed to.

Item as amended agreed to.

405. Government's contribution to the Royal Canadian Mounted Police pension account, $986,710.

Mr. Castleden: I would like to ask a question under this item. I see that it is a statutory item with regard to pensions but while we are dealing with the pensions paid to the R.C.M.P., may I say a number of these men are endeavouring to live on a very low pension. Would the minister indicate if he could raise the pension of mounted police who were retired 25 years ago or what an ordinary constable or sergeant would receive as a pension if he retired say in the year 1935? Has there been any increase in that pension and is it possible to increase it by an item here, or I suppose it would require an amendment to the act?

Mr. Broome: I would also like to ask a question with regard to this item. The history of the wage paid to the R.C.M.P. is that it has stayed in a static position for a good many years, to the point that a staff corporal retiring in say 1947 would have had about $2,000, or a little over, in pay and allowances while in 1957 the same staff corporal would have had a total overall pay of $4,800.

Since the pension is computed on the annual wages, the man retiring in 1957 would retire with more than double the pension of the man retiring in 1947. The whole point is that the previous government lagged behind the rising cost of living in adjusting the salaries to the point where they had to increase salaries something like 150 per cent in 10 years. Now that has penalized the man who retired prior to the extremely large increases in annual salaries and it is my belief that something should be done to bring up the pension of the man who retired when salaries were at an extremely low level.

Mr. McIvor: I want to say a word on this too, because when I had my resolution before the house everybody supported it. It is a well known fact that no matter what government it is, if it does not increase these pensions to retired civil servants it is not living up to the promises that it would provide an equal amount to what they had before. The mounted police have never been paid big salaries and we do not want our retired civil servants, who are part of the great family of the government of Canada, living in poverty. I am sure the Minister of Justice will rise to the occasion.

Mr. Fulton: I think there are one or two questions that should be answered at this point.

The present scale of pensions is governed by part V of the Royal Canadian Mounted Police Act which applies to members of the force engaged since March 1, 1949 and to those members who were engaged prior to that date and who elected to become contributors. The pension is based on one-fiftieth of the average pay and allowances received during the last six years for each year of service. One-half of the pension is payable to the widow. The maximum service is 35 years.

There are still in force a number of pensions under part III of the act, which I do not think I need to detail at this time. Under this part of the act there are some anomalies still outstanding which require adjustment. They apply particularly to the position of those who served in the armed forces and have been re-engaged in the R.C.M.P.

I may say we have the act under consideration at the moment, and it is hoped to take care of most of these questions which have been raised in this case and which are outstanding in the proposed revision.

Mr. Castleden: That does not give me very much in the way of information on the amount that say a constable who retired in 1935 would receive. The pay and allowances at that time were very low. The maximum which a retired mounted policeman could receive would be 70 per cent of what he was receiving over the last six years of service. The man with 25 years service would only be receiving one-half of that amount. I wonder if the minister could provide me with some actual figures as to what such pay and allowances would be.

Mr. Fulton: I would have to give the current pay and allowances to establish that. If a man served for 35 years, as my hon. friend says, he would then get 70 per cent.

Mr. Castleden: That is right and 25 years would be half.

Mr. Fulton: He would get one-half of his pay on retirement.

Mr. Castleden: Yes; could you tell me what the pay was in 1935, say for a constable or sergeant?

Mr. Fulton: You see it is based on the average pay and allowances received during the last six years of service.

Mr. Castleden: Yes, that is right, but a man who retired in 1935 would be getting, after 25 years service, exactly half of what his average pay was from 1929 to 1935.

Mr. Fulton: If he retired in 1935 he would, under the present pension provisions, come under the old part III.

Mr. Castleden: That is correct.

Mr. Fulton: In which I have said there are some anomalies which require adjustment. I could give some examples and I think my hon. friend will agree that I leave out the names.

Mr. Castleden: Yes.

Mr. Fulton: A special constable who had 20 years of service and who retired on December 1, 1937, receives a pension of $432 a year. A corporal with 20 years of service who retired on May 17, 1929 receives a pension of $511.50 a year; a staff sergeant with 20 years of service who retired on August 1, 1928 receives a pension of $620.50 a year; an inspector with 30 years of service who retired on January 1, 1935 receives $1,836 a year. Those are all samples of the rates that are applicable under part III of the act.

Mr. Castleden: If an increase were to be granted in the pensions paid to civil servants would these men come under it?

Mr. Fulton: No, Mr. Chairman. It would require a change in the Royal Canadian Mounted Police Act to take care of these pension cases.

Mr. Castleden: Would this in any way affect their treatment under the Old Age Security Act?

Mr. Fulton: No, the pensions of the force are not in any way related to payments received under the Old Age Security Act nor, at the present time, when payments are made to them under that act as of right, are their old age pensions reduced by the amount of such police pension payments.

Mr. Castleden: I do not suppose there are too many of these cases but surely pensions of $432, $511 or even $620 a year are in the light of the present cost of living much below what should be available to men who served as long as these men served in the mounted police in those early days.

Mr. Fulton: They seem very inadequate.

Mr. Broome: Mr. Chairman, I should like to raise the question of men who served in the R.C.M.P. during the first world war. I believe that in 1942 the act was changed so that members of the R.C.M.P. came under veterans allowance, but that act did not go back to cover the men who served in the first world war. These men are in an invidious position as compared with the veterans in the force who served in the R.C.M.P. during the second world war.

The other point I make, which I mentioned previously, is that the extremely large increases which were given to members of the R.C.M.P. because their wages had lagged behind, and which took place from 1947 onward, made the position of the men who retired earlier than 1947 equivalent to retiring on about half the pension upon which they would have retired had they served another five or six years. There is a definite injustice being done to the men who retired prior to 1947 and I think also that an injustice is being done to those veterans of the R.C.M.P. who were injured during the course of their duty in the first world war.

Mr. Fulton: I think, Mr. Chairman, that what the hon. member has in mind are cases of what I might call an anomalous character under part 3 which do require adjustment. We hope to deal with the great majority of these cases when we are able to get on with the revision of the act.

[Mr. Fulton.]

Mr. McIvor: Mr. Chairman, does that mean that the pensions of these former members of the R.C.M.P. will be increased and brought up to what they should be?

Mr. Fulton: That is the objective.

Mr. McIvor: Thank you.

Mr. Fisher: When the chairman broke off our discussions at five o'clock the minister made a brief, snappy political comment which I did not quite get, in connection with the Norman case and I wonder if he would repeat it so that it should be on the record.

The second point is that I directed a question to him regarding section—

The Chairman: That item has been passed. We cannot discuss it further.

Mr. Knowles (Winnipeg North Centre): There is a supplementary item on administration still to be discussed, and my hon. friend can ask his question then.

Item agreed to.

Headquarters administration, national police services and training establishments—

739. Administration, operation and maintenance—further amount required, $66,000.

Mr. Knowles (Winnipeg North Centre): This is the item on administration in the supplementaries.

Mr. Fisher: Mr. Chairman, it is unnecessary for me to repeat the first question. The second one is: has there been any prosecution under section 37, subsection 2 of the Royal Canadian Mounted Police Act?

Mr. Fulton: To the best recollection of myself and the officials sitting in front of me, the answer to the second question is no. The answer to the first question is, I believe, on the record and will stand there to speak for itself.

Mr. Castleden: I should like to raise a question regarding mounted police who are injured in the performance of their duties. I am thinking of a man who was severely frostbitten in the Northwest Territories a few years ago. Would the minister inform me what is the standard upon which the compensation to such persons is based.

Mr. Fulton: At the present time disability pensions and the continuance of such pensions to survivor, widows and so on is governed by the provisions of the Pensions Act applicable to veterans.

Mr. Christian: I should like to raise a question in regard to the matter of criminal investigation in serious cases, particularly capital cases. I know that in a number of small communities in British Columbia there are often stationed in R.C.M.P. offices one or more R.C.M.P. officers. In many cases these

men are young and, of course, it stands to reason they are not as experienced as the more senior officers. I was just wondering if, when a situation arises in which an officer believes there are reasonable grounds for thinking that a capital offence has been committed, the minister or the Department of Justice would not consider flying in men to visit these centres, men trained in scientific and legal matters and experienced in this type of investigation, because I feel this would indeed be doing a great service and it would at the same time be assisting the younger officers in these smaller communities. I should like to hear the views of the Minister of Justice and the commissioner on this subject, to see whether the practice might not be improved.

Mr. Fulton: At the present time there are means available for flying in special investigators in serious cases, such as capital cases, where it is considered necessary or desirable to do so. I suggest, therefore, that if in any such case a special investigator was not flown in it is because the commanding officer did not consider it necessary. However, the commanding officer may call for such assistance if he considers it desirable.

Mr. Christian: I just want to say that I know of a number of cases from my own experience—one involving a capital case and another a drug case—where it would have been of advantage to have followed such a course. I assume that if the officer concerned were to telephone to the main R.C.M.P. headquarters permission for assistance to be flown out would be given.

Mr. Fulton: In the province from which my hon. friend and I come a request would presumably go to headquarters in Victoria, and unless there were such demands on the available resources that they could not all be met it would be a matter for the judgment of the officer in command of the division whether a special investigator should be flown in or not. There could be errors of judgment, but the facilities are there except in very exceptional circumstances where the resources might be overstrained.

Mr. Christian: May I ask the minister whether consideration could not, in any event, be given the question of whether an improvement might be made?

Mr. Fulton: Naturally we are always prepared to consider anything which will improve the administration of the work of the force. Resources are not unlimited but we would be glad to know if at any time the lack of dealing with a particular case was due to the lack of facilities or just what were the circumstances. Therefore it would be helpful if the hon. member would let us know privately what two cases he has in mind and we would be glad to look into them.

Mr. Regier: I wonder if the minister could inform the committee whether any of the municipalities in British Columbia have terminated their agreements with the R.C.M.P. since the recent rather severe increases in the price to municipal governments of the services of the force? Have there been any grievances which have been entered by the municipal governments?

Mr. Fulton: I am informed that there was one municipality in British Columbia which employed the services of one man which has terminated the contract. I recall at least one if not more municipalities in British Columbia that have requested the assignment of additional personnel.

Mr. Regier: I wonder if the minister could explain for the benefit of British Columbia members why when at the time this program was first initiated, I believe some five or six years ago, the agreements that were offered the municipalities were so very one-sided, so much so that most municipalities felt completely unable to resist the offer that was being made. They were offered the services of the force at a ridiculously low rate. However once the municipalities had abolished their own municipal police forces, then almost every year amazing increases were imposed upon the municipalities.

We all know that the increases, or at least a measure of them, were completely warranted by rising wages and the rising of other expenses but the ratio of the increases was quite beyond any possible increase in either the wages of the men or the expense of having the men employed. It appears to some at least almost as if there was a deliberate policy followed of luring the municipalities into the abolition of their own forces at the time and that now the department is beginning to tax the municipalities for a fairer and more equitable share of the cost I wonder if the minister would like to offer some comment about that.

Mr. Fulton: Mr. Chairman, I would say here on the basis of my own recollection of the situation in British Columbia that the history of the matter is actually that the municipalities which gave up their municipal police forces did so at a time when the R.C.M.P. was not responsible for the policing of the province but when we had our own British Columbia police force and the arrangements then would be made between the municipality and the British Columbia police force.

Whatever arrangements were in effect between the municipalities and the British Columbia police force were taken over at the time when at the instigation and desire of the British Columbia provincial government the R.C.M.P. were requested to take over the policing of the province and to assume those contracts which the British Columbia provincial police then had with the municipalities.

It would not be correct to say that the dominion government or the R.C.M.P. lured the municipalities into giving up their police forces and then made any attempt to stick them for the proportionate share of policing the municipalities. I do not know of any case, actually, in which a municipality gave up its municipal police force subsequent to the time when the contract or agreement was made between the province and the dominion government for the R.C.M.P. to take over the policing in British Columbia.

Mr. Regier: Perhaps I am wrong, Mr. Chairman, but I believe that in the riding I represent that has actually been the case. The municipal force and not the provincial force was abolished in favour of the services of the R.C.M.P. Lest there be any misunderstanding I want to tell the minister that the municipalities in my area are very happy with the arrangement and the population as a whole, I think, is extremely well pleased that the fears some of us expressed at the time of the changeover have not thus far at least been realized and we find that the R.C.M.P. are rendering at least as good service as our local police force used to render. However a number of us have been alarmed a little bit at the rate of increase in the bills that those responsible for the financing of the municipalities have had to meet since then.

Mr. Fulton: Mr. Chairman, I must at once admit that I may have been in error in that I was basing my statement upon my knowledge of the situation. Coming from the interior of British Columbia I admit at once that the hon. gentleman knows the situation in his own municipality of Burnaby-Coquitlam. The only other thing I think I should say is that the requests being made for extra payments by the municipality reflect the general increase in salaries and wages and therefore in the scale of pay and the administrative costs of the R.C.M.P.

Mr. Cameron: Mr. Chairman, I was interested in the answer that the minister gave to my colleague, the hon. member for Port Arthur, at five o'clock with regard to this tragic incident known as the Norman case in which he indicated that under the present government such a series of events could not take place. Does that indicate that there has been a change since the minister took office in the control of the material that the R.C.M.P. may collect with regard to any Canadian citizen? Have there been some changes in the security operations of the R.C.M.P. since the minister took office so that this type of thing cannot happen again?

Mr. Fulton: There have been no fundamental changes of a revolutionary character. How will I put it? I could say that one learns by experience and by events and I think it is correct to say that as a result of what we have learned from the Norman case—I do not say what the police have learned but what we have learned—it is my firm belief that such a series of incidents would not take place again.

Item agreed to.

Marine services—

742. Construction or acquisition of buildings, works, land and equipment—further amount required, $408,060.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, a few moments ago the Minister of Justice with obvious zest moved a reduction of $250,000 in an item in the estimates that had been submitted by the Liberals. The item had to do with the construction or acquisition of buildings, works, land and equipment under the land and air services of the R.C.M.P. Now the same minister is asking the committee to vote a supplementary estimate introduced by the Conservatives of $408,060 for the construction or acquisition of buildings, works, land and equipment, in this case under marine services. So, Mr. Chairman, may I ask whether this is a net saving or is it a net increase simply transferred from one branch to another?

Mr. Fulton: Mr. Chairman, the explanation is that the reduction was moved in an item which appeared under the land and air services, for the construction or acquisition of buildings, works, land and equipment. The supplementary now before us, item No. 742, is under the marine services.

Mr. Knowles (Winnipeg North Centre): I noted that.

Mr. Fulton: As I understand it, it is not possible to transfer allotments as between these two votes and therefore the only way it could be done was by moving a reduction in the one and asking for more money in the other case. The construction program under marine services for the construction of boats, et cetera, went ahead rather faster than had at first been anticipated.

Mr. Knowles (Winnipeg North Centre): I simply mentioned the fact that what the government is saving on the one hand it is more than spending on the other.

Mr. Fulton: If my hon. friend wants to look at it in that way. If my hon. friend thinks we should not spend this money then, of course, the opportunity is open to him to act accordingly.

Mr. Knowles (Winnipeg North Centre): I have no objection. I am just pointing out the attitude of the minister; the zest he has now is different from what he had before.

Mr. Fulton: No, I have equal zest in recommending this because I think we can fully justify it as I could justify the reduction in the other item.

Item agreed to.

181. Bankruptcy Act administration, $48,985.

The Chairman: This item was allowed to stand earlier. Shall the item now carry?

Mr. Fulton: The answer to the question asked by the hon. member for New Westminster and the hon. member for Okanagan Boundary I think I should now furnish to the committee. In 1956, there were 3,849 bankruptcies; to the end of November, 1957 there were 3,010 bankruptcies.

Mr. Hahn: Is the minister in a position to give me the reasons behind those bankruptcies?

Mr. Fulton: I am informed that in this department we do not keep statistics of the nature which the hon. gentleman requests. Our interest in the matter is to ensure that the estates which are bankrupt are properly administered in accordance with the provisions of the Bankruptcy Act, but we do not keep statistics with regard to the causes of bankruptcy, the type of business in the bankruptcy courts, and so on. If those sorts of statistics are maintained I believe they would be obtainable through the bureau of statistics.

Item agreed to.

The Chairman: That completes the estimates of the Department of Justice.

DEPARTMENT OF FISHERIES

General services—
139. Departmental administration, $319,700.

The Chairman: We shall now deal with the estimates of the Department of Fisheries, beginning with item 139 on page 29, with the details on page 215.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Chairman, over the years it has been customary for the Minister of Fisheries to make a brief review of the state of the fishing industry on the first item of his estimates. I think it is a useful practice, and it is my intention to follow it in a brief way. I realize, of course, that in one sense it is a dangerous practice because if all hon. members of the committee avail themselves of the opportunity which I am taking at the present time perhaps it would have the effect of defeating my purpose in making these brief remarks because my purpose in making them is that I may thereby be of some assistance to the committee in examining carefully the estimates of my department.

Since becoming minister it has been my attempt to become as familiar as possible with this important Canadian industry. In an endeavour to familiarize myself with the establishments of the department and of the industry itself throughout the country a few months ago I visited the east and the west coasts. At a later time I hope to be able to visit the industry of the inland waters of this country, which is a very important one, and also the industry in the province of Quebec. I hope to be able especially to visit the Gaspe area and the Magdalen islands because in the Magdalen islands, and they are neighbours of mine, fishing is of prime importance. It will, therefore, be a pleasure for me to visit that area when the opportunity presents itself.

The fishing industry, of course, is not one of Canada's largest or, by some measures, most important industries—that is, if you wish to measure it in the value of the products produced—but it is an industry that is of prime importance. It has a great history and I believe it has a great future. The fishing industry was the first industry in this country after the explorers of Europe found that two continents stood in their way when they tried to reach the Far East by sailing west. On finding that fish were plentiful, fishing became the first industry in which Europeans engaged in this country, followed of course shortly afterwards by the fur trade. It is an industry like agriculture; that is, more of a human industry with more problems than many of our highly mechanized industries. In dealing with the problems of the fisheries we are dealing with the livelihood of a large number of men and women who work closely with nature, and whose livelihood is subject to a great variety of uncertainties. Those uncertainties extend all the way from the catching of the fish to the marketing of the final product.

In the speech from the throne mention was made of the government's intention to strive to secure additional markets for the products of our fisheries. Responsibility for foreign markets rests with my colleague, the

Minister of Trade and Commerce; but in the Department of Fisheries we propose to do everything possible to see to it that the products of the fisheries are made available in the best possible quality, not only to consumers in Canada but also to consumers in various markets of the world. The throne speech went on to say:

—to promote the development of international rules to safeguard the living resources of the sea.

Our greatest fishery resources such as salmon, halibut, cod, haddock and other ground fish, and the fishes of the great lakes are, to a large extent, international in character. Other nations besides Canada have access to those fisheries. The same stock of fish which might be caught by our fishermen close to our coast can also be caught by fishermen of other lands further out to sea. In this case successful conservation efforts can only be undertaken by joint international agreements of the nations to whom those fisheries are of common concern.

Up to the present time we have been able to cope with the problem presented by this international character of our fisheries through a series of treaties with the nations interested in their exploitation: for example, the northwest Atlantic fisheries convention between Canada and I think about 11 other countries; the north Pacific fisheries convention between Canada and the United States and Japan; and the bilateral convention between Canada and the United States covering the salmon and halibut fisheries of the Pacific coast and the fisheries of the great lakes. As a result of those conventions Canada, as well as other participating nations, has learned much about the problems of fisheries management in the high seas.

It is now possible to develop international conservation rules of general application which will enable states having coastal fisheries to undertake any necessary measures, not only to safeguard the resources of the sea against over-exploitation but also to manage the resources so that the fullest possible utilization of them can be made on a continuing basis.

I might say at this point that since I became minister of the department acts passed by the last parliament relating to two rather important international agreements have been proclaimed. One brought pink salmon under the salmon commission and the other had to do with fur seals. The first meeting of the international fur seal commission is to be held in Washington next week.

We have, with other maritime states, a great responsibility to maintain and develop these resources of the sea for the benefit of Canada and, indeed, of mankind. As Minister of Fisheries it will be one of my foremost tasks to see that this responsibility is fully met and that efforts in the field of conservation of our fisheries are intensified.

I said that I believe the fishing industry has a great future. I believe this because of the enthusiasm I have encountered not only within the fishing industry itself but also within the department and among the scientists of the fisheries research board of Canada. I should like to take this opportunity to pay tribute to the men in the department and the scientists who are mostly attached to the fisheries research board. They have gained for this country a very enviable reputation and are classed among the most capable in the world. I am honoured and proud to be associated with them.

I have been most impressed by the scientific approach that is being taken toward the maintenance and conservation of our fishery resources. Also in the technological field, in the catching, processing, handling and marketing of fishery products, our scientists and technical personnel as well as forward-looking companies in the industry are making this industry as modern as any in the country. I am aware that modern techniques have not yet reached all branches of our fisheries but progress has been very substantial.

As I indicated earlier, fishing is an uncertain occupation. Sometimes the fish appear in great abundance and sometimes they are scarce or do not appear at all. Last year was no exception. Early last summer unusually late ice conditions along the entire Atlantic seaboard appeared likely to curtail the fishing operations seriously. This was the case, but happily as the year advanced the fish became more plentiful and catches improved considerably. On the Pacific coast also the figures of early catches were disappointing but again the later runs did much to restore production and earnings to a normal level.

The over all market value of the fisheries will again approach $200 million. Close to half of this amount goes directly to the fishermen while the balance goes for processing, packaging, handling and merchandising. The fishing industry is highly dependent on foreign markets but the domestic market is becoming of more and more significance. In September the queen's printer published a report prepared for the Gordon commission by the department and the fisheries research board on the commercial fisheries

of Canada. This very complete and comprehensive document is the first of its kind ever published and I commend it to all members of the house.

I should like to say a few words in connection with the long-range prospects of the fishery as an industry. As the population of the world increases and especially as the population of Northern America increases the importance of fish as a food will increase at least proportionately and even at a greater rate because as the population increases in any country sources of protein food especially become more restricted. We can learn from the example of other nations that have a very high density of population such as Japan where they have turned to a much greater extent than we have to the sea as a source of nutritious food with a high protein content and many other beneficial constituents as well, such as vitamins, trace elements and so forth that are very vital to a balanced diet. As the use of fish goes up the demand for it will of course increase and with that there will be a tendency toward more competition for the fish and therefore a rise in prices. I should like to quote very briefly from page 85 of the publication to which I referred a moment ago, "The Commercial Fisheries of Canada", as follows:

> The pressure from two expanding populations—

The reference is to the populations of Canada and the United States.

> —upon a resource base which has some obvious limits will have an effect not only on prices generally but also no doubt on the present market orientation of the Canadian trade. In large part, the effect may depend upon the extent to which the domestic market is able to compete with the United States market for Canadian supplies.

I do not intend to make any further general remarks at the present time except that perhaps it would be well for me to offer one further explanation. As is obvious to all members of the committee, the estimates are exactly those which were presented by the previous government. It is not my intention to have any reductions moved but that is not to say that savings are not being made. Nevertheless, the way we have carried on during the last year by passing interim supply from month to month has put the program of the department out of step especially in such items as construction where most of the money, if it had been voted at the beginning of the fiscal year, would have been spent in a very short period. Because of the fact that these moneys had not already been voted but in most cases were voted one-twelfth at a time these programs were thrown out of step in some cases. As a result, it is difficult—

Mr. Pickersgill: Would the minister permit a question just for clarification?

Mr. MacLean: Yes.

Mr. Pickersgill: Does that mean that any part of the building program was actually held up for lack of funds at any time?

Mr. MacLean: I would say there have been cases where that is true.

Mr. Pickersgill: Perhaps the minister would not mind giving them later.

Mr. MacLean: Yes, I will be glad to do that. As the result of that it is difficult to determine what might be actual savings and what might be actual deferred expenditures which might be required to be revoted in next year's estimates or asked for in supplementaries at a later date. There were also cases in the department where a program which was planned was held up by conditions over which the department had no control. There are a couple of cases where weather prevented certain projects from going forward. As a result of these things I think it is much more logical to wait for a full fiscal year so that we can estimate more accurately what savings can be made.

Mr. Stuart (Charlotte): Mr. Chairman, first I should like to congratulate the minister on the statement he has made tonight. During his remarks he mentioned that he had visited the east coast last summer. I regret that I did not see him at that time because I believe it would have been worth while if he could have met personally some of the fishermen in that area and obtained their views and ideas on remedies or improvements which might have been helpful to the industry.

In his closing remarks the minister touched on the fact that he felt there would be savings in the department. When the Progressive Conservatives sat on this side of the house we heard the expression "Waste and extravagance" quite often. I would wish him before these estimates are concluded to point out to us any waste and extravagance that he has found in his department during the months that he has been minister.

During the throne speech debate I expressed my opinion with regard to this government's action in increasing the tariff rates on several commodities coming in from the United States and the attitude they had taken in connection with trade with other countries. For that reason I shall not repeat all that I said at that time. But I wish to remind the Minister of Fisheries that we expect him to be the watchdog in the cabinet in so far as this manoeuvring in trade is concerned. We also expect the Minister of National Revenue from Nova Scotia, the Minister of Veterans

Affairs from New Brunswick and the Minister without Portfolio from Newfoundland to do exactly that same thing. We feel that it is a job that must be done if this industry in the maritime provinces is to prosper and to carry on as it has in the past.

I know that the minister is well aware of the concerted effort on the part of the fishermen in the New England states to have tariff restrictions placed on the importation of Canadian fish. The tariff board of the United States has on two occasions in recent years endorsed the recommendation of the fishermen of the New England states, and the only friend that the Canadian fishermen had in the final analysis was President Eisenhower who vetoed this recommendation. I believe that right at this present time consideration is being given in congress to some sort of quota or some sort of restriction on the importation of Canadian lobsters. Perhaps many in the committee would not realize that 90 per cent of the lobsters that are caught in the maritime provinces go to the United States. It is the one market that we have for 90 per cent of what we catch, and it is one of the greatest branches of the fishing industry in the maritime provinces. Ninety per cent of that catch goes into the United States. One would realize immediately that any interference with that market would be most harmful to the fishing industry.

We have made every effort to get markets in other parts of the world. In fact, during the last three weeks Conleys Lobsters, a lobster company in the little town from which I come, has made two shipments of lobster to Belgium by air. Nearly 30,000 pounds of lobster have been sent to Belgium in two shipments. A new process has been developed whereby ice is not used. They use just shavings and cardboard cartons.

The vice president of that company was in Ottawa this week and he told me that the last shipment that went out about a week ago had arrived. He was talking with them in Belgium while in Ottawa and they had 2 per cent weaks which is a wonderful record. That is the effort that is being made to try to extend the industry. Everything is being done by industry that can be done. It might also be of interest to the committee to know that the plane that takes these Lobsters from Saint John, New Brunswick, which is where they take off for Belgium, returned to Canada with monkeys from which Salk vaccine is manufactured in Canada. It is quite a contrast.

But that means so much to those in the maritime provinces. The lobster industry is one of the greatest industries we have. The lobster is one commodity for which there has always been a demand. It has never been a drug on the market. It has never been a fish that cannot be sold. It is one that we have always been able to find markets for. But I must say again that 90 per cent of that market is in the United States. For that reason we must be extremely careful that it is not interfered with in any way. The diversion of $625 million of Canadian purchases from the United States to Great Britain will not, in my opinion, be of any help to the maritime provinces. I believe that every maritime member here, if he would be sincere would say the same thing. In fact, I am doubtful whether it would be helpful to any part of Canada.

Mr. Churchill: Nonsense. Why do you not get on the subject before the committee.

Mr. Stuart (Charlotte): The minute I start to speak in this house, I am always interrupted. Here is the *Financial Times* that I received in my office today. I wish the Minister of Trade and Commerce would read these editorials. There is one that says, "Oh, how we hate the Americans", and I really believe that he is one of them. There is another one appearing in the Ottawa *Citizen* that I could quote. They are appearing in the press every day. I wonder whether the Minister of Trade and Commerce ever stopped to realize that if the President of the United States had said this, namely that we will divert $625 million of purchases from Canada to Mexico what would have been said in this House of Commons. Surely he realizes that the American people cannot take a thing like that without retaliation.

Mr. Churchill: We buy more from them than they buy from us and you know it.

Mr. Stuart (Charlotte): I do not doubt that. But I am telling the hon. member I am quite sure that the section from which he comes is not in sympathy with the action he has taken in this regard or the action taken by the Prime Minister.

Mr. Churchill: You are wrong.

An hon. Member: June 10 showed that.

Mr. Stuart (Charlotte): There will be another June 10. And I can tell my hon. friend right now that he is not half as anxious for that June 10 now as he was two months ago.

An hon. Member: We sure are.

Mr. Stuart (Charlotte): When 700,000 people are unemployed in this country as was indicated today you will not wish for an election.

An hon. Member: You will not be back.

Mr. Stuart (Charlotte): I have heard that for five elections but I hope to be back. I can assure my hon. friend that I will do everything possible to get back. There is no question about that. To show the unreasonable things that are being said in the Tory press today, I am going to read a short portion from an editorial that appeared in the *Globe and Mail* on January 6, just a day or two ago. It says this:

> There is much we can do to retaliate when the United States kicks us around in this manner.
>
> We can, merely to take one instance, impose 15 per cent export tax on the newsprint we ship to that country—or on the nickel, or the uranium, or the iron ore. Such stern measures are not yet in order, are not yet even to be considered. But if every United States industry that runs into a little bit of recession is to lobby successfully in Washington for restriction upon our goods, we will have to be stern; and we could do worse than prepare our minds for that.

I believe this to be one of the most irresponsible childish statements I have ever read in any periodical in Canada coming at a time when 700,000 are unemployed, and a great portion of them in the pulp and paper industry. The Toronto *Globe and Mail* comes out with a statement like this and then we expect to maintain friendly relations with our friends over the border. I have lived on the United States border for a lifetime. There are not any people in the world that I would rather have living to the south of us than the Yankees. We never had any better friends than those people to the south of us. One of the greatest friends this country ever had outside of our own country was the late President Roosevelt. We never had a better one. We must maintain these friendly relations. There may be some advantage for the two central provinces in tariff restrictions and manoeuvring with trade, but my mind goes back to 1930—

An hon. Member: Who is talking about tariff restrictions?

Mr. Stuart (Charlotte): I am talking about tariff restrictions, and I am talking about the mess we are in in this country today. That is exactly the way in which I describe it. It is nothing more or less than a mess. That is what I am talking about.

Mr. Argue: It is a real mess.

Mr. Stuart (Charlotte): That is what I have been talking about. From 1935 to 1952 this country enjoyed the greatest prosperity and expansion of any country in the world. I think you have all got to admit that. Regardless of this accomplishment, however, approximately 350,000 Canadians have chosen to leave this country and live in the United States. Why would they leave this country and go to the United States, 350,000 of them in that time? I can assure you that this trend will be much greater if tariff restrictions imposed by that government in any way interfere with the fishing industry in the Atlantic provinces because there is nothing left for those people to do. If anything happens to the fishing industry they must seek employment in some other part of this continent and the only place that can be found is the United States. I hope that we never lose sight of the fact that the United States is our warmest neighbour and always has been, our greatest market, our leading supplier of goods and services, and that we sell a great deal to that country.

I just want to leave these thoughts with the minister because I can assure him that in the maritime provinces there is nothing that is being viewed today with more seriousness than the trade situation between the maritime provinces and the United States. As I say, every maritime member here knows that what I have said is true, that if there is an imposition of tariffs by the United States on the fishing industry the economy of the maritimes will be at the lowest ebb of any time in its history.

I now want to deal with a matter of a local nature. In doing so I realize that the opinions that I shall express will not be endorsed by every citizen in my county and perhaps will not be viewed in a friendly way by the Department of Fisheries. Nevertheless it is one to which I have given a lot of thought and I believe the time has come when something should be done in this regard.

We have in Charlotte county five rivers where Atlantic salmon may be found each and every year. These rivers are New River, Pocologan river, the Magaguadavic river, the Digdeguash river and the St. Croix river.

The federal Department of Fisheries has maintained guardians on these rivers for one purpose only, to prohibit the catching of this fish in any manner other than with a fly or a lure or a floating bait; no commercial fishing in other words. While thousands and thousands of these salmon frequent our rivers, particularly the Magaguadavic and the Digdeguash rivers, these salmon have never been of any value commercially to the citizens of Charlotte county within my memory and they have never been of any value from the point of view of sports fishing.

I do believe these fish could be the greatest attraction imaginable in so far as the tourist business is concerned and they could be responsible for an enormous source of revenue. I wonder why over the years we have protected these salmon in the rivers I have

mentioned. I can assure the Minister of Fisheries and his department that in the past 40 years these salmon have not been worth $400 to the fishermen in my county. Last year I went out to the Digdeguash river when the salmon were running and there were thousands and thousands of salmon there. There were many people also who wanted to catch the salmon, but they just would not take the fly although I was told by some who stayed a little late, after some of the officials had disappeared, that they would take a sunken bait.

I think the time has come to find out whether they will take a sunken bait. I think the time has come to go ahead and develop these rivers for sports fishing because I know that the revenue they would derive in this area from sports fishing would be a great deal more than we have ever derived from commercial fishing. If it were undertaken as a proper development I am sure we would not have a sufficient amount of salmon to make commercial fishing successful to any great number of fishermen. In certain parts of our province some of the salmon pools are sold to non-Canadians while our own fishermen are denied the right to fish in those pools.

I do not support this action even though it has been taken by both Liberal and Conservative provincial governments. I am still opposed to that method. I believe the salmon pools in the province of New Brunswick should be open to the citizens of New Brunswick and not sold to non-citizens from any country.

Mr. Churchill: The United States of America, that is un-American.

Mr. Stuart (Charlotte): In reply to my hon. friend I will give him an idea of what that means in dollars and cents. I believe the Minister of Fisheries will find if he looks back in his records it is estimated that the salmon which are taken out of the Miramichi river are worth about $5 a pound to those who take them out. That may be all right but I do not believe our citizens should be denied the right to fish for salmon in our own rivers in New Brunswick.

Mr. Bell (Saint John-Albert): Go home Yankee, go home.

Mr. Stuart (Charlotte): What was that again?

Mr. Bell (Saint John-Albert): I just quoted that well-known expression "Go home Yankee, go home".

Mr. Pickersgill: With approval.

Mr. Stuart (Charlotte): Yes, with approval?

[Mr. Stuart (Charlotte).]

During recent years, in fact during the last two years, our provincial government has made every effort to develop tuna fishing on the west side of the bay of Fundy. I was on the water there for 25 years and when this idea was first in the minds of the officials in Fredericton I predicted that it would never be a successful venture because in my experience on the bay of Fundy there is only one year in eight when tuna fish appear. I am told by the fisheries research board—and it seems most reasonable to me—that the ony time we ever get tuna fish is when our water temperature is higher than normal. For that reason I thought it was a most unreliable undertaking and something that would never be successful.

We nevertheless have spent many thousands of dollars in trying to develop a tuna fishery there. I believe we have an industry in sports fishing and that such a sports fishing in this area would mean thousands and thousands of tourist dollars. We have, for instance, pollack which is one of the finest fish that ever came out of the sea. It is a game fish and it may be caught in the hundreds, in fact last year it was caught in the thousands. I believe in the development of these fishing grounds where the fish can be caught and I believe it might be well for the Department of Fisheries to consider placing a great deal more emphasis on sports fishing in areas where the tourist can take advantage of it.

To support what I have said I want to quote from a bulletin which I will hand to the minister when I have finished because I am sure he will be most interested in it. This bulletin is published by the sports fishing institute of Washington and it has this to say:

> The first national survey of fishing and hunting in the United States was carried out during January and February 1956 by Crossley, S-D Surveys, Incorporated, New York City, for the U.S. fish and wild life service. It revealed that 25 million sportsmen, sportswomen and sports-youngsters spent $3 billion on 500 million days of outdoor recreation while fishing and hunting during 1955.
>
> America's most popular form of outdoor recreation—sport fishing—contributed the lion's share to the financial pot. About 21 million anglers fished regularly in 1955 and poured $2 billion—an amount greater than Canada's total national defence budget item—into U.S. business coffers in 1955. These Americans invested a major share of their total leisure time—about 400 million days—relaxing by means of the contemplated sport. Individually, anglers spent about $92 each year on the needs of their sport. They also utilized 19 days of their annual leisure time out fishing at an average daily cost of nearly $5.
>
> To a considerable extent anglers pursued their sport afloat in outboard motor-powered boats. This fact was not given the emphasis it deserves in the survey report published by the fish and wildlife service.

Then it goes on to say further down:

Fishing and hunting—among our most popular forms of outdoor recreational use of leisure time—together generate a whopping $3 billion of business annually. This is only a little less than 1 per cent of the gross national product. Study of the statistics published by the U.S. department of commerce in its survey of current business for July, 1956, yields interesting comparisons. They help interpret the relative importance of this giant new outdoor recreational industry that is so closely dependent upon good conservation of the fishery and wildlife resources.

National outlays for the pursuit of fish and game, totalling $3 billion, are only a little less impressive than our international trade with the rest of the world. In 1955, for example, the net purchase by the rest of the world from United States business as a whole was approximately $3.8 billion.

It may be more meaningful to many people to compare the $3 billion of sportsmen expenditures to federal receipts. Among other federal tax receipts in 1955, the excise tax on liquor amounted to about $2.8 billion. The tobacco excise tax was considerably less, at nearly $1.6 billion. All other federal excise tax revenues added up to less than $5.5 billion. The state and local levels are even closer to home. At these levels income taxes, death and gift taxes, motor vehicle licenses, property taxes, and liquor and tobacco sales taxes must all be combined to reach a total (about $3.3 billion) . . .

Even all state gasoline sales tax revenues (about $2.5 billion),—

Which is about half a billion dollars less than what sport fishing is worth to the United States.

There is one other part of this I should like to quote, and this is the part which I think is most interesting to the Department of Fisheries, the third paragraph:

Despite all the attention and help which the (United States) federal government has for many decades granted to our historically-important commercial fishing industry, it remains only half as significant as sport fishing ($2 billions) to the American economy. According to a recent report by the United States Department of Interior, the ultimate retail value at consumer level of all commercial fish produced by this highly organized, mechanized, and subsidized industry is only slightly in excess of $1 billion. Though undoubtedly far below its optimum potential as a top revenue produced in ocean areas, all sport fishing is already twice as important as all commercial fishing nationally despite little federal help and much industry discrimination. Already, the value of salt-water angling alone ($489 millions) is about half that of all commercial fishing, and growing rapidly.

Since then I have seen an article in the press of the United States stating that there are only three species of salt water fish in the United States that produce a greater revenue commercially than they do for sport fishing, so I really believe the time has come when this matter should be given a lot more attention in this country of ours.

There are many other items I should like to read from this report, but I am going to leave it for the attention of the minister, such headings as—"The Hypothetical Angler", "Who Benefits?", "Expanded Research Need", "Conservation and Politics", "Multiple Use of Water Supplies" and so on. All these things are very interesting, and together with this, when I do give this document to the minister, I should like him to draw to the attention of the Postmaster General the postage stamp used in the United States to bring this matter to the attention of the American people.

There is one other item I wish to touch on very briefly, and the reason I am speaking on so many different branches of the industry tonight is the fact that I will not be here tomorrow, so I should like to cover as much ground as possible before resuming my seat. I realize that this particular matter does not come within the scope of the minister's department, though it does affect the fishing industry. The sick mariners services came into effect at the time of confederation as the result of a protest from the province of New Brunswick about seamen dumped ashore from foreign vessels and then becoming the responsibility of the province. Since that time the service has been broadened to embrace many who were not eligible for benefits under the original plan. Many now engaged in the fishing industry qualify for sick mariners benefits as a result of the amendments to the act over the years. This service provides much needed protection for our fishermen. I have personal knowledge of many cases where these benefits have been of inestimable value when prolonged illness was far beyond the financial capacity of individual fishermen.

This service provides protection for many who could not afford to enter into the ordinary insurance plans; the premiums would be prohibitive for those with small incomes. I was eligible for the benefits of this generous protection for many years. Fortunately, it was not necessary for me to apply for benefits and for this I am most grateful. I have had extensive experience with those fine men who administer this service. Their prompt attention to the individual applications is recognized and appreciated not only by the fishermen but the doctors in all areas where this service applies.

There is one point, however, that should be fully investigated. I would suggest that the Department of Fisheries might lend a hand in the investigation. I refer to insured fishermen living on the international border who are obliged to be in the United States very often where their production is normally sold. In case of accident, or sudden illness, they enter a hospital or call at a doctor's office in the United States, and even though they may be 100 miles from a Canadian doctor, or hospital, their application for benefits will be disallowed by those who administer this act, even though it was an emergency case.

Many cases such as I have described are brought to my attention. One, in particular concerns a hard-working, honest fisherman whom I have known for many years, living on Campobello island. He experienced an illness of long duration. The nearest doctor was in Lubec, Maine. An auto ferry connects Campobello with this town in Maine, a 10-minute trip across Lubec narrows. The nearest doctor he could reach in Canada would be approximately 70 miles. His health would not allow him to travel the 140 miles, return trip, to a Canadian doctor. The doctor in Lubec, knowing his financial circumstances, adjusted his charges for calls at his office and for medicines he provided. I am sure the cost would be comparable to any service provided in Canada. Nevertheless the prolonged illness resulted in an accumulated bill of nearly $400. If this fisherman had entered a Canadian hospital the cost would have been three times this amount or more.

The Department refused to assume responsibility for this expenditure. There was no provision in the act which would cover cases such as I have outlined. I believe the act should be amended to take care of these emergency cases taking into consideration the fact that it was impossible to reach a doctor in Canada under the circumstances.

Many United States fishermen, particularly captains of freighters, have experienced the same thing while plying in Canadian waters.

Mr. Broome: Did you bring that up with the previous government?

Mr. Stuart (Charlotte): No, I did not. I will be honest, I did not, because until last year this had not been brought to my attention as a serious thing. But there were three or four cases that year which were really serious cases. I would not have hesitated about bringing this up before any government. That is not in my make-up. I would be as willing to take this up with a Liberal government as with the Conservative government.

Mr. Gardiner: And more liable to get action.

Mr. Stuart (Charlotte): And more liable to get action. I believe some sort of a reciprocal agreement might be reached between the governments of Canada and the United States to cover cases such as I have outlined, since the United States seamen, as well, are covered by a similar insurance plan. This is a matter of great importance to those who go down to the sea in ships, and I can tell hon. members of many cases from my personal experience and knowledge of men who just could not have borne the expenditures connected with their illness without the benefit of this great service.

[Mr. Stuart (Charlotte).]

I am going, just once more, to refer to a very touchy matter. I am going to remind the minister once more of the great worry there is in the maritime provinces at this time about possible retaliation by the United States which might do a great deal of harm to our fishing industry. I believe this is under consideration in Washington at this very moment. The hon. member over there may smile, but I was in this industry for 25 years, and I believe I have some knowledge of it, and that I know the worry connected with it. I may state also that I went through the hungry thirties in this industry; I went on salt water four years alone to try to make a living, and for these reasons I believe I have some firsthand knowledge of what fishermen must go through in order to make a livelihood. Things are not good in the fishing industry today and I can assure the minister—and I know this is realized by every maritime member in this house and, I will say also, by the members from the Pacific coast—that this is a most serious thing—

Mr. Broome: What is it?

Mr. Stuart (Charlotte): They have a fishing industry out there, too, if the hon. member does not know it.

An hon. Member: We sell to the U.S.A.

Mr. Broome: No, no. I am sorry, my friend, but may I interrupt you for a moment. We sell no salmon in the United States whatsoever.

Mr. Stuart (Charlotte): Where does your wood and pulp go, to Alaska?

Mr. Broome: We are not talking about pulpwood but about fish. Do not try to tell me that you are doing business with the United States.

Mr. Baskin: There is too much pulpwood going to the United States, too.

Mr. Stuart (Charlotte): There is too much pulpwood going to the United States? I want that on the record. I want to show it to my friends in Charlotte because at this time 85 per cent of the pulp producers in my county cannot sell a cord of wood and if you can sell it for them they will appreciate it very much. They have the wood and the energy and they are willing to work but there is just no market there for them. Perhaps you think that these restrictions on the sale of Canadian commodities in the United States are a joke. I will admit that the *Globe and Mail* suggests we should put some restrictions on and as long as the press of this country supports such childish notions as that I do not know what we might expect. The maritimes and western provinces

including British Columbia need this natural market to the south of us. We cannot survive without that market.

Mr. Pickersgill: So does Ontario.

Mr. Stuart (Charlotte): Any artificial manoeuvring with that set-up will be harmful to the maritimes and to the prairie provinces and I think generally harmful to other parts of Canada. I will leave that thought with the minister and urge upon him the necessity of his being the watch dog in the cabinet together with the other members of the cabinet from the maritime provinces to see that the fishermen in that area are protected. I thank you.

Mr. Barnett: Mr. Chairman, I would like first of all to join with the hon. member for Charlotte in extending my congratulations to the minister on his appointment to this portfolio. I would also like to say that I was very pleased that the minister took the opportunity soon after he assumed office to make a familiarization trip to the British Columbia coast. That, I take it, was some indication that he intends to be the Minister of Fisheries for Canada and not simply minister of fisheries for the Atlantic provinces. As a matter of fact, I believe the last two previous ministers of fisheries have been from the British Columbia coast so I suppose those of us in British Columbia really have no cause for complaint that the present Minister of Fisheries happens to come from one of the Atlantic provinces.

I believe I am correct in saying that in his remarks the hon. member for Charlotte dealt principally with the marketing aspects of the fisheries industry in Canada and so with a view to adding a little variety to our discussion I shall try to deal, in the first part of my remarks at least, with matters relating to conservation and development and increasing of our fisheries resources.

If I were looking for a text for my remarks, Mr. Chairman, I could easily find one in the Fisheries Act itself which is, of course, the principal document which must govern the activities of our Minister of Fisheries. As a matter of fact, I could probably find several texts because there are various sections of the act that deal with this matter. For example, section 48 gives the minister the power to set apart rivers and other waters for the natural or artificial propagation of fish. Section 62 gives him power to deal with people who destroy places where fish are propagated and section 57 contains some provisions which provide that payments must be made in lieu of the destruction of fisheries resources. The particular section of the act that I will quote in part is section 34 which reads as follows:

> 34. (1) The governor in council may make regulations (a) to prevent or remedy the obstruction and pollution of streams.

Most hon. members of the house who have followed previous discussions on fisheries estimates will realize that this matter of streams in relation to the fishing industry is of very great concern to those of us who live in British Columbia. The question of what is going to happen to the future of our salmon industry is tied in very directly with what is going to be done in, on or around the great streams of our province. Incidentally, I suppose I probably could, if I wished cite the names of some British Columbia streams that would be just as unpronounceable and difficult to spell as were some of the names of streams referred to earlier by the hon. member for Charlotte.

In view of the proceedings that took place fairly recently in connection with another part of the activities of this house I felt that in drawing to the attention of the minister this particular section of the Fisheries Act I would also like to draw to his attention, to remind him and to place on the records of the house for the benefit of hon. members generally some statements which were made earlier this year in the standing committee of this house on marines and fisheries because the question of the requirements of the salmon industry, if it is to continue to grow and expand in our province, is very closely related to some of the questions that involve the providing of power in our province.

The marine and fisheries committee of the house had before it Dr. Royal, director of the international Pacific salmon commission. On page 18 of the proceedings of the committee, in answer to a question addressed to him, Dr. Royal made a statement on the problem which I would like to draw to the attention of hon. members at this time when he said:

> I would particularly like to make a statement in order to bring home the need for arriving at an equitable settlement with the United States in respect of the Columbia river, more than anything else. Because, without a settlement in respect of the Columbia river, it may be necessary to have power dams on the Fraser river, and there is no answer to the problem of fish versus power on the main Fraser.

I would particularly like to emphasize that statement, Mr. Chairman. I think it would be in the interests of this discussion if I were to go on and detail some of the reasons that were given by Dr. Royal for making that statement. He went on to say:

> You cannot, for instance, have one dam on the Fraser river. You can talk about building one dam on the Fraser river, but you have got to have

several. Any one who is an engineer knows that when you have a spring flow of 280,000 cubic feet per second, and a winter flow of 12,000 cubic feet per second, and you have to provide industry with power all year round, you have got to modify the spring flow and raise the winter flow. So, there is not such a thing possible as one dam.

Another thing that must be considered: what government is going to say that you can have one dam on the Fraser, but after that, no one can have any more? That is not democratic psychology, if you will pardon that expression. Once it starts, it needs full development of the Fraser river, and coincident with the full development is the destruction of salmon. I could take half an hour to tell you why, but I can assure you, gentlemen, that there can be no such thing as dams and salmon on the main Fraser river.

He then went on to explain that negotiations had been proceeding with the British Columbia power commission in respect to the development of certain power resources in the Fraser river system which can be developed without damage to the salmon industry.

Later on, on page 19, he says:

If you can get the Columbia river development, by agreement, isolating it from all of these international ramifications, then everyone will be willing to develop the Columbia river, and to bring the power to wherever it is needed—whether it is to the Kootenays—to the lower mainland—or even Victoria. But, it is important that the agreement be settled, because they are going to need power.

Now, I am not going to suggest that either atomic energy or gas plants is the answer today, but I am going to say this; that if you read the technical literature of atomic energy, you will know that Canada and the United States are producing 30,000 tons of uranium a year now.

Further questions were asked Dr. Royal by members of the committee and on page 19 he says in answer to a question:

When you put a series of dams on the Fraser, you will be interfering with the normal migration. You are dealing with fish, and all the ingenuity of man cannot teach a fish to swim over a vertical flow without hesitating, nor will it teach a fish to swim into water that has suddenly been lowered 10 degrees lower in temperature than that which he has an inherent ability to accept as normal. If for instance you lengthen the migration period of the Stewart lake race, which migrates a distance of 850 miles at a rate of 30 miles a day without eating, for three days it will seriously interfere with the fish's ability to propagate itself. If the time were lengthened to six days they would not even get there.

Then, he goes on to describe some of the plans which have been discussed to put dams on the Fraser river, and he has this to say:

There is not a fish in the Fraser river which would get to the spawning grounds if delayed 12 days. Some of them will in six days but none in 12 days. Even then we have the problem of downstream migrants. We have a tremendous river, we have debris, and a huge volume of water. These fish are coming down the river just like chips following in the current. They have no shore line or bottom to orient themselves and you have to put something there to say, no you do not go there you go here. But every instinct that a fish has says, I have got to go with the current, there is something wrong here but I must go with the current. There is your problem.

You will hear a lot about easy ways of solving the fish problem, but if they ever do develop the Fraser river I am saying here on record that it cannot be done and have the fishing industry as you knew it in the past and as you know it today.

Those remarks of Dr. Royal to the committee are certainly borne out by the opinions that have been expressed at various times and in various places by our Canadian scientists, and I certainly agree with the minister in the praise that he gives to the fisheries scientists of Canada. It is from those people that we have been able to derive the knowledge that this is no simple problem. I know that even if one considers a relatively small problem of attempting to accommodate fish and power the complexity multiplies almost beyond imagination.

Over on Vancouver island, in the area in which I live, there has been a good deal of discussion about a possible power development. I hold in my hand the preliminary report on the fisheries problems relating to the proposed power development of the Somass river system which, after all, is a relatively minor river and actually, speaking in terms of the size of our salmon fishery in the province as a whole, involves a relatively small proportion of our salmon stocks. But even to deal in part with the problems of maintaining those fish runs and at the same time carry on a power development involves even to a layman like myself some almost insurmountable complexities. How vast then must be the problem from a scientific and engineering point of view if one is to think in terms of the main Fraser river system. I have deliberately introduced evidence into this discussion which I think is the best scientific evidence available to us in the world, because this is perhaps one of the major matters of public concern in the province of British Columbia at the present time.

I noticed that in his introductory statement the minister did not give us any clear-cut policy declaration on this matter as to the position of the government of which he is a member. As I recall it, the policy in this respect stated by the previous minister of fisheries was fairly well known. He made it quite clear that as far as he was concerned no salmon stream in the province of British Columbia, on the basis of our present scientific knowledge, should be developed for power until we had used all of our non-salmon streams, and that even after that had taken place the whole question of the use of salmon-spawning streams for power purposes was one which would have to receive very careful assessment and review. Before

this item carries I hope the minister will give us as clear-cut a statement as to where the government of which he is a member stands on this important question. I am happy to say that I felt fully able to support the policy pronouncement by the previous minister in this respect and I hope I shall be able to say that I am prepared to support the policy statement which the present minister will give in this respect.

The whole question, Mr. Chairman, of course, has aspects and ramifications that go far beyond the federal Department of Fisheries itself; but I think the power that rests in our present constitution and under the authority of this parliament with the Minister of Fisheries is pretty clearly defined in relation to what can or cannot be done in this respect, and that in many ways one can fairly say that the Minister of Fisheries has the whip hand in this matter. Therefore I think the people of British Columbia are entitled to know where he stands upon it.

I was saying, however, that it has aspects which do go beyond the narrower limits of the responsibility of a federal Minister of Fisheries. It has, of course, ramifications that go into the field of activity that is carried on as a result of decisions made in the legislature of our province. I think one of the broader aspects that the people of British Columbia are going to have to take into consideraion involves some of the assumptions that have been made that the present lopsided development of our province is necessary and desirable. By that I mean to say that in a province which would easily swallow two or three fair-sized European countries within its borders most of the population is at present concentrated in one little corner.

Some of the statements made about the development of power on the Fraser or on the Columbia seem to be predicated on the idea that endless expansion of power requirements for the population in that one little corner of the province is something which is going to have to continue and should continue. I am not suggesting this is a matter which the Minister of Fisheries should solve tonight but it is a question about which I believe the people of British Columbia should be thinking a great deal more than they have. Some of the statements revolving around the question of bringing Columbia river power into the lower mainland area are predicated on that assumption.

Yet we have vast areas of the province which are among the most sparsely populated parts of the country and not all these areas are areas that are covered by 10,000-foot mountain peaks. Various suggestions which have been made relating to the whole question of power and the use of the Fraser or Columbia or both for power purposes are affected by proposals for the development of power and other resources in the Rocky mountain trench. That, of course, is a subject of considerable controversy in the arena of discussion in British Columbia. I know that when C.C.F. spokesmen in the legislature of British Columbia have objected to what is known as the Wenner-Gren arrangement or deal, suggestions have been made that the C.C.F. is opposed to the development of the Rocky mountain trench. Naturally I have had the opportunity of discussing the matter quite thoroughly with some of these people and I should like to say that to my knowledge there is no objection to the development of that particular part of our province or of any other part of the province but rather to the particular method which the present provincial administration apparently wishes to follow in that development. That method, of course, is to place an area almost the size of England in the hands of one private development corporation.

Mr. Patterson: That is not right at all.

Mr. Barnett: I have seen the memorandum of intent.

Mr. Patterson: I have too.

Mr. Barnett: I have seen the memorandum of intent and I have read it several times.

Mr. Patterson: So have I.

Mr. Barnett: And I have listened to it being discussed. However, as I say, my main purpose in bringing this subject into the discussion is because it has been related to the whole question of power development in the more southerly rivers.

Mr. Blackmore: Just because you want to play dirty politics.

Mr. Barnett: Of course, when people say things with which the hon. member for Lethbridge does not agree and about which he probably does not know a great deal he always suggests that it is dirty politics.

Mr. Blackmore: You do not now know anything about it.

Mr. Winch: When you refer to dirty politics, what is it that is before the courts of British Columbia now?

The Acting Chairman (Mr. Rea): Order.

Mr. Barnett: I am just trying to recall where I was. I was saying that this question is one of great importance and in order to clarify what I have in mind to say I was trying to point out that, contrary to allegations

that have been made that the C.C.F. is opposed to the development of the northeastern part of the province, our opposition has been to the particular method which the present provincial administration proposes to follow.

Mr. Hahn: You find the money and we will perhaps do it another way.

Mr. Barnett: Starting from that point and assuming that the provincial government of British Columbia really wants to see the development of that part of the country take place, as does the C.C.F.—

Mr. Hahn: You would not know it.

Mr. Barnett: —I come now to the point I wish to make.

Mr. Patterson: Are there any fish up there at all?

Mr. Barnett: Perhaps it might be wise to decide that the time has come to carry out the kind of dreams for the future I have heard expressed by some of the old time citizens of Prince George. Rather than attempting the difficult feat of transporting power over long distances, it might be wise to begin thinking in terms of having our industries and population a little closer to the power sources.

Mr. Beech: What has that got to do with fisheries?

Mr. Barnett: By that I mean to say that if engineering studies reveal that the proposed development of the Peace and its tributaries is a feasible one, one which is in the interests of the province and can be done without affecting too adversely the interests of any adjoining province, then it might be wise to go into that thoroughly with a view to postponing at least the day when a decision might have to be made with respect to the alternatives of fish or power on the Fraser river system.

I make this suggestion to the committee at this time so that the present Minister of Fisheries, coming as he does from the opposite side of the country, as I said at the beginning of my remarks, may have in his mind some of the things that are going on in British Columbia in this connection and some of the views which are being expressed. I sincerely hope that when members from the party across the way take part in the discussion they will be prepared to offer the minister the benefit of their advice.

Mr. Hahn: Do not worry about us, we will look after ourselves; we are quite capable.

Mr. Barnett: To come back more directly to the question of fisheries, may I say I think one of the most important things for us to have at this stage is a clear-cut statement of the position of the minister, speaking on behalf of the government he represents, outlining their view on the preservation or otherwise of the great salmon industry of British Columbia. While we all hope that our scientists may be able to find a way to resolve some of these complex problems and while I am prepared to urge that much greater resources be devoted to scientific and engineering investigation of these matters than has heretofore been the case, nevertheless I think that until these conditions are met we should know whether or not we are in fact going to have a salmon industry to conduct research with respect to the main streams of the province.

At the same time, Mr. Chairman, in discussing the future of the salmon industry as it is related to the present and potential resources of the Fraser river system, I think we should not overlook what we may be able to do to enlarge that industry by the proper cultivation, if I may use that word, of some of the many other salmon streams along the coast of British Columbia. I have read some of the reports and have referred to them before in the house about the destruction that takes place of potential salmon runs as the result of flash floods on our streams along the coast. I have had discussions with people who live and work in the areas. They have described to me how obstructions develop. Because these streams are largely unattended and proper precautions have not been taken to control the flow or to prevent the building of log jams, much of what might be future salmon runs is lost from these streams either because of washing out of the salmon eggs or on other occasions and under different climatic conditions because the water level in the stream is not such as—

The Acting Chairman (Mr. Rea): Order. I have to remind the hon. member that his time has expired.

Mr. Barnett: If I might finish my sentence, Mr. Chairman, I would appreciate the courtesy. I notice that it is almost ten o'clock. Unless it was desired otherwise in the committee, perhaps I could be allowed to continue, with the idea possibly that the next speaker would be first at the next sitting.

The Acting Chairman (Mr. Rea): Has the hon. member leave of the house to continue?

Some hon. Members: Agreed.

Mr. Barnett: As I was saying in discussing the question of the development of our smaller salmon streams, as I understand it, not only are the future runs lost as a result

of flash floods and the forming of log jams but also on many occasions because no development of these streams has taken place for any controlled level of flow the spawning salmon are not able actually to get up the streams to the spawning grounds.

I am sure that the Minister of Fisheries can be very well and completely advised on these problems by the officials and scientists of his department. My only point in raising these matters in a very general way and possibly with not complete accuracy in every detail is that I feel the members of this house generally should appreciate what might be done greatly to expand this source of high protein food to which the minister was referring in his opening remarks. His opening remarks made reference to the fact that the population of the world is increasing and to the fact that the population of the world was going to have increasing difficulty to find adequate sources of high protein food. With all of these phrases he used in his opening remarks in that connection I agree most thoroughly.

All I am suggesting to him is that he should translate those remarks into some specific statement of policy as far as they apply to the future of the salmon industry of British Columbia. These are things with which we cannot deal in generalities in view of what is happening in that area. If one is to agree that the future of high protein food is important, these are matters on which we must take a firm stand now. I am sure the minister is aware that, as I understand the statements which have been given to us by the scientists, it is not a matter of deciding that we are going to have our power now and our fish later, particularly with reference to the sockeye our most valuable salmon species, but that once those particular species of salmon are gone, they are gone and, to use the old phrase, they will be as extinct as the dodo. No matter how able or how clever our scientists may be, there will be no way of bringing them back. If this question of protein food to meet the future needs of mankind is as important as the minister suggests it is, I think he should back up his words as I suggest with a fairly definite statement as to how we are going to meet the more immediate situation.

Mr. Patterson: Mr. Chairman, may we call it ten o'clock?

Mr. Knowles (Winnipeg North Centre): Oh, let us have a speech.

The Acting Chairman (Mr. Rea): Shall I call it ten o'clock?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask what the business of the house is for tomorrow?

Mr. Green: Tomorrow we shall continue with the fisheries estimates. Then we shall take the estimates of the Department of National Revenue and then the estimates of the Department of Citizenship and Immigration.

Mr. Chevrier: And on Monday?

Mr. Green: Provided the motion which appears in *Votes and Proceedings* today is adopted by the house tomorrow, Monday would be a government day. We would commence with item No. 7 on today's order paper, second reading of a bill in respect of a loan to the government of New Brunswick; then item No. 8, which has to do with electric power development in the Atlantic provinces; then item No. 5 on today's order paper, second reading of a bill to provide for stabilization of prices of agricultural commodities; then item No. 2 on today's order paper, second reading of a bill to provide for annual vacations with pay; then item No. 4, second reading of a bill to implement an agreement between Canada and Australia in respect of income tax. The same program would be carried into Tuesday.

Mr. Pickersgill: Has the minister any ideas about Wednesday?

Mr. Green: I am not sure about Wednesday but probably it would be a continuation of this legislation, although we may have to go into estimates. If we do so, we will consult with the parties to come to an agreement about what should be taken up.

At ten o'clock the house adjourned, without question put, pursuant to the order of the house passed on December 2, 1957.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

R.C.A.F. STATION, SUMMERSIDE, P.E.I.

Question No. 263—**Mr. Stuart (Charlotte):**

1. Have any improvements been planned for the Royal Canadian Air Force station at Summerside, Prince Edward Island?

2. If so, (a) of what nature; (b) at what estimated cost; (c) when is it expected the work will be started?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

Nature	Estimated cost	Work to be started
2. (a)	(b)	(c)
Underground electrical distribution and communications system part 2	$ 450,000	Spring 1958
Interior painting of hangars 1 to 5	73,750	Winter 1957/58
High intensity approach and runway lighting	45,000	Work has started
Maintenance hangar	3,000,000	Summer 1958
Readiness hangar	400,000	Summer 1958
Anti-corrosion hangar	524,000	Summer 1958
Armament storage and assembly facilities	557,000	Summer 1958
Airfield development and roads	830,000	Summer 1958
Bulk fuel handling facilities and rail spur	390,000	Summer 1958
Central heating plant, water, sewage and electrical services	1,254,000	Spring 1958
Grading and fencing	380,000	Spring 1958

[The following items were passed in committee of supply]:

DEPARTMENT OF JUSTICE

Combines Investigation Act—

179. Restrictive trade practices commission, $79,465.

180. Office of investigation and research, $455,375 (amended, reduced to $435,375).

181. Bankruptcy Act administration, $48,985.

B—Penitentiaries—

182. Administration of the office of the commissioner of penitentiaries, including $60,000 for grants to recognized prisoners' aid societies, as may be approved by the treasury board, $482,446.

183. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries, $11,002,925.

184. Construction, improvements and equipment, $2,365,555 (amended, reduced by $1,000,000).

Headquarters administration, national police services and training establishments—

396. Administration, operation and maintenance, $7,329,030.

397. Construction or acquisition of buildings, works, land and equipment, $912,129.

Land and air services—

398. Operation and maintenance of divisions, $26,472,859.

399. Construction or acquisition of buildings, works, land and equipment, $3,351,070 (amended, reduced by $250,000).

Marine services—

400. Operation and maintenance, $1,432,229.

401. Construction or acquisition of buildings, works, land and equipment, $1,369,311.

402. Grant to the Canadian association of chiefs of police, $500.

403. Grant to the Royal Canadian Mounted Police veterans' association, $300.

Pensions and other benefits—

404. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $6,439.

(S) Pension to Basil Burke Currie (vote 405, Appropriation Act No. 6, 1956), $685.

405. Government's contribution to the Royal Canadian Mounted Police pension account, $986,710.

A—Department—

General—

626. Expenses of the Royal commission on the criminal law relating to criminal sexual psychopaths, $7,500.

Loans, investments and advances—

Justice—

Penitentiaries—

660. To extend the operation of the revolving fund established by vote 628 of the Appropriation Act No. 2, 1955, to authorize the acquiring and managing of any stores or materials required for penitentiary use; the amount to be charged to the revolving rund at any time not to exceed $600,000; additional amount required, $300,000.

A—Department—

697. Remission service—further amount required to provide for a grant of $1,000 to the Canadian Corrections Association, $1,000.

Yukon territorial court—

698. Administration, including administration of justice—Yukon territory—further amount required, $10,000.

B—Penitentiaries—

699. Operation and maintenance of penitentiaries, including supplies and services relating thereto; administration, operation, repair and upkeep of buildings, works and equipment; maintenance, discharge and transfer of inmates; compensation to discharged inmates permanently disabled while in penitentiaries—further amount required, $39,000.

700. To provide for a credit to the revolving fund established pursuant to vote 628 of the Appropriation Act No. 2, 1955, to meet the deficiency arising from over-valuation of inventory, $6,642.

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration, national police services and training establishments—

739. Administration, operation and maintenance—further amount required, $66,000.

740. Construction or acquisition of buildings, works, land and equipment—further amount required, $63,100.

Land and air services—

741. Operation and maintenance of divisions—further amount required, $290,000.

Marine services—

742. Construction or acquisition of buildings, works, land and equipment—further amount required, $408,060.

Pensions and other benefits—

743. Government's contribution to the Royal Canadian Mounted Police pension account—further amount required, $111,088.

END OF VOLUME III